Global giants
When retailers rule the world
Page 17

Waning influence
Why Yeltsin is losing his friends
Page 11

Feeling down
Depression in the workplace
Page 12

Weighted media
Kohl's easy win on German TV
Page 2

FINANCIAL TIMES

Europe's Business Newspaper — WEDNESDAY OCTOBER 12 1994 — D8523A

China eyes $150bn export target in rapid growth plan

China aims to export $150bn worth of electronics and machinery annually by early next century under a three-phase plan aimed at securing a substantial share of the world market. Exports of machinery and electronics are expected to reach $26bn this year, an increase of $3.3bn or 14.5 per cent over last year. The export drive reflects a desire to become more competitive in both world and domestic markets. This also coincides with Beijing's moves to re-enter the General Agreement on Tariffs and Trade. Page 8; Inflation 'will stay China's big headache', Page 6

Strong demand pushes Chrysler ahead: Chrysler, smallest of the US's three big carmakers, reported a 54 per cent surge in profits for the latest quarter as demand for the company's most popular models in North America continued to outstrip supply. Page 19; Lex, Page 18

Tiphook's banks named in US suit: National Westminster Bank and Commerzbank, lenders to UK transport leasing group Tiphook, have been drawn into a $700m (£443m) US class action suit against the company. Sir Charles Powell, Lady Thatcher's former foreign affairs adviser and now a non-executive director of NatWest, and Commerzbank chairman Martin Kohlhaussen, are also named as defendants. Page 19

James Kelman wins Booker Prize

The £20,000 ($31,600) UK Booker Prize for fiction was awarded to James Kelman (left) for *How Late It Was, How Late*, published by Secker and Warburg. The novel, a story of Scottish low-life narrated largely in Glaswegian dialect, is unlikely to prove a popular choice with booksellers, which have damned all six books shortlisted for this year's prize as boring, elitist and – worst of all – unsaleable.

Crackdown on software pirates: Leading software companies are offering rewards of up to £2,500 ($3,950) to informers prepared to expose companies in the UK illegally copying software, in a drive to crack down on piracy estimated to have cost them nearly $500m last year. Page 18

Reynolds presses UK on Ulster: Irish prime minister Albert Reynolds called for "an accelerated British response" to the six-week-old IRA ceasefire. Page 11; Irish PM's pay increase, Page 4

Hong Kong newspaper chief may face ban: Yu Pun Hoi, chairman of Hong Kong newspaper group Ming Pao, was notified by the Hong Kong Stock Exchange of disciplinary proceedings which could lead to disqualification after it was revealed he had a criminal record. Page 22

News Corp to modify new shares: Rupert Murdoch's News Corporation bowed to investor pressure and agreed to modify its one-for-two issue of limited voting preference shares. Page 21

I G Metall demands 6% pay rise: German engineering workers' union IG Metall called for a 6 per cent pay rise next year and insisted on the introduction of a 35-hour week. The claim was condemned by engineering employers. Page 18

'Open skies' move for regional airports: Britain lifted all restrictions for transatlantic flights to its regional airports in an effort to revive talks with the US to liberalise air services between the two countries. Page 11

Sanyo Securities plans rights issue: Sanyo Securities, troubled Japanese broker, said it would raise Y20bn ($198m) through a rights issue to its three leading creditor banks – Nippon Credit Bank, Bank of Tokyo and Daiwa Bank – and Nomura Securities, its largest shareholder. Page 22

UK truck and van sales rise: UK commercial vehicle registrations rose for the ninth successive month in September, but the proportion of imported vehicles increased sharply. Page 11

VSEL takeover likely this week: The agreed takeover of UK submarine maker VSEL by British Aerospace is likely to be concluded this week. Page 20

Barings bucks trend with 54% rise: Barings bucked the trend in the UK merchant banking sector by reporting interim pre-tax profits up 54 per cent to £54.8m ($86.58m). The improvement contrasts with profit warnings issued by S.G. Warburg and Hambros, two other UK houses. Page 19; Editorial Comment, Page 17; Observer, Page 17; Lex, Page 18

STOCK MARKET INDICES

FT-SE 100:	3,073.0	(+40.7)
Yield	4.12	
FT-SE Eurotrack 100	1,330.45	(+13.06)
FT-SE-A All-Share	1,526.73	(+1.1%)
Nikkei	19,821.46	(+76.71)
New York lunchtime:		
Dow Jones Ind Ave	3,871.45	(+50.13)
S&P Composite	465.50	(+6.46)

US LUNCHTIME RATES

Federal Funds:	4¾%
3-mo Treas Bills: Yld	4.975%
Long Bond	96
Yield	7.842%

LONDON MONEY

3-mo Interbank	5⅝%	(5⅝%)
Liffe long gilt future:	Dec 100⅜	(Dec 100⅞)

NORTH SEA OIL (Argus)

Brent 15-day (Nov)	$16.57	(16.94)

GOLD

New York Comex (Dec)	$390.2	(393.4)
London	$388.25	(390.5)

STERLING

New York lunchtime:		
$	1.577	
London:		
$	1.5815	(1.5852)
DM	2.4459	(2.4569)
FFr	8.3643	(8.3937)
SFr	2.0365	(2.035)
Y	158.684	(159.514)
£ Index	80.1	(80.3)

DOLLAR

New York lunchtime:		
DM	1.54875	
FFr	5.296	
SFr	1.2915	
Y	100.455	
London:		
DM	1.5468	(1.55)
FFr	5.2889	(5.2952)
SFr	1.2877	(1.2838)
Y	100.325	(100.63)
$ Index	62.3	(62.4)

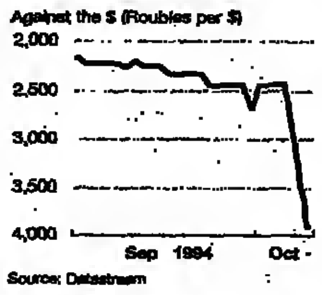
Tokyo close Y 100.60

[illegible]	Sch35	Greece	Dr350	Malta	Lm0.60	Qatar	QR13.00		
Bahrain	Din1.250	Hong Kong	HK$18	Morocco	MDh15	S.Arabia	SR11		
Belgium	BFr65	Hungary	Ft185	Morocco	MDh15	Singapore	S$4.30		
[illegible]	Lw60.00	Iceland	IKr215	Neth	Fl 4.25	Slovak Rp	KSL60		
Cyprus	C£1.10	India	Rs60	Nigeria	Naira50	S. Africa	R12.00		
Czech Rp	CZK50	Israel	Shk6.50	Norway	NKr17.00	Spain	Pta225		
Denmark	DKr16	Italy	L3000	Oman	OR1.50	Sweden	SKr16		
Egypt	E£5.00	Japan	Y500	Pakistan	Rs40	Switz	SFr3.30		
Estonia	[illegible]	Jordan	JD1.50	Philippines	Pso50	Syria	S£50.00		
Finland	FM14	Kuwait	Fils625	Poland	Zl 38,000	Tunisia	Din1.500		
France	FFr8.50	Lebanon	US$1.50	Portugal (m'land)	Esc225	Turkey	L30000		
Germany	DM3.50	Lux	LFr65			UAE	Dh12.00		

Rouble falls 21.5% as currency exchanges close

Rouble's falling value

Against the $ (Roubles per $)



Source: Datastream

By John Thornhill in Moscow

The Russian rouble plummeted 21.5 per cent yesterday, its biggest one-day fall.

The currency's collapse shocked Russia's emerging financial markets, caused confusion in the streets and prompted fierce debate among politicians about the future of the country's reform programme.

The government appeared surprised by the extent of the fall and said it would raise its one-month refinancing rate from 11.6 per cent to 14 per cent from today in a desperate attempt to defend the currency.

Many Russian banks shut for the day and refused to exchange currency, creating bewilderment and anger among the crowds outside. "Collapse? Hyperinflation? We simply do not know," said one Russian.

One western economist in Moscow said: "It is a full-blown panic at the moment. The challenge to the government is going to be not to over-react and to recommence with its stabilisation programme as required."

Russians bemused by 'Black Tuesday' ....Page 4

The central bank held a crisis meeting yesterday afternoon amid allegations that 10 banks had colluded to dump roubles on the market. The low volumes traded on the Moscow Interbank Currency Exchange (Micex) make it vulnerable to speculation, said currency experts.

On Micex, the rouble plunged to 3,926 to the US dollar from 3,081 on Monday, taking this month's decline to 32.9 per cent.

The Moscow commodities exchange, one of the main dollar futures trading floors, shut down when the Micex rate was announced, member brokers said. Trading in shares was also affected as brokers checked to see if prices had been updated.

Government ministers expect a fierce debate on the rouble in the Russian parliament today.

Mr Sergei Glazyev, head of the parliament's economic policies committee, said the rouble's large fall would have a destabilising effect over the medium-term. "This chaotic outburst of hard currency speculation will tell on the central bank's interest rates ... and cause prices to rise sharply," he said.

Mr Boris Fyodorov a former

Continued on Page 18

Iraqi troop withdrawal fails to convince US

By Roger Matthews, Middle East Editor

Tha US rejected claims from Baghdad yesterday that a significant number of Iraqi troops have been moved away from the border with Kuwait, and warned that a pre-emptive military strike was being considered.

The Pentagon announced that 156,000 ground troops were on alert. Nearly 40,000 troops are in or heading for the Gulf, together with an additional 350 aircraft, including B-52 bombers and F-117 stealth fighters. Their arrival will bring the total of US aircraft and helicopters in the region to more than 650.

General John Shalikashvili, chairman of the joint chiefs of staff, said some Iraqi units may have moved away from their combat positions, but that "considerable units" remained close to the Kuwaiti border.

Crisis could be a blessing for Kuwait ....Page 6

Gen Shalikashvili said: "We still have quite some time to look at this situation before we are certain as to their intentions and where they are moving. I am not prepared yet to say that the crisis is over in any way."

Ms Madeleine Albright, the US ambassador to the UN, said earlier that a pre-emptive strike against the forces of President Saddam Hussein was under consideration because "we want to make sure that they do not do this again". She also said there was some evidence of a minimal Iraqi troop movement away from the border, but confirmation was required.

Mr Mohammed Saeed al-Sahaf, the Iraqi foreign minister, claimed, however, that all Iraqi forces had left their forward positions by noon yesterday, and the two brigades still on the move were expected to reach their destination within 14 hours. Iraq said that it had also invited the Russian and Chinese embassies in Baghdad to send representatives to verify the troop withdrawal.

A Reuters correspondent returning from Basra to Baghdad yesterday reported large numbers of tanks, armoured troop carriers and artillery moving north, with some forces moving south.

Mr William Perry, US defence secretary, stressed that a pre-emptive strike remained an option for the US if the Iraqi forces did not pull back. "We have prepared the contingency plans to do that. We will resolve the crisis in a relatively short amount of time, and if that requiras the use of military power, we are prepared to use it," he said.

Mr Douglas Hurd, the UK foreign secretary, left for Kuwait last night where he is expected to meet the Gulf Co-operation Council. The foreign ministers of the six members of the council – Saudi Arabia, Kuwait, United Arab Emirates, Qatar, Bahrain and Oman – are gathering to show their united opposition to the Iraqi military threat.

In Moscow, the Russian foreign ministry said it was sending two senior diplomats to Baghdad and Kuwait in an effort to defuse the crisis. A spokesman said the Russian plan was to encourage Iraq to pull back its troops in return for the prospect of an eventual easing of UN sanctions.

Lady Thatcher and John Major at the start of the UK Conservative party conference yesterday — Reuter

Lamont re-opens Tory split over European Union

By Philip Stephens, Political Editor

Mr Norman Lamont, the former chancellor, last night re-opened the deep divisions in the Conservative party over Europe with the stark suggestion that Britain might have to consider withdrawal from the European Union.

His uncompromising rejection on the first day of the Tory conference of any further moves towards European integration was instantly dismissed by Mr Douglas Hurd, the foreign secretary, as "completely out of date".

But, with some on the Eurosceptic wing of the party backing Mr Lamont's stance, the speech signalled the potential for the 1996 Intergovernmental conference on EU integration to spark a renewed Tory civil war.

Mr Lamont accused Mr John Major of "wishful thinking" in judging that Britain's partners would not press ahead with a single currency and dismissed as "simplistic" the prime minister's assertion that leaving Europe was "unthinkable". There was not a "shred of evidence" that any of the 11 other governments shared Britain's view of the EU's future.

Earlier Mr Hurd had anticipated the intervention by warning the conference to ignore the Eurosceptics. Insisting that the federalist ambitions of Britain's partners had been severely curbed by the experience of the Maastricht Treaty, Mr Hurd said: "Our interest lies in steering Europe our way, rather than pretending we belong to another continent."

Amid a clamour of criticism from the pro-European wing of the party, other cabinet ministers were less diplomatic and accused Mr Lamont of being driven by a desire to exact revenge on Mr Major for his dismissal from the Treasury.

But Mr Lamont articulated the views of a small but powerful minority within the party at Westminster. A number of

Continued on Page 18

Games of chance set up Nobel prize in economics

By Stephanie Flanders

Three academics from the US, Germany and Hungary won the Nobel economics prize yesterday for their work deriving economic lessons from the dynamics of simple games.

The winners were Dr John C. Harsanyi, born in Budapest and now at the University of California at Berkeley, Dr John F. Nash, of Princeton University, and Dr Reinhard Selten, now at the University of Bonn. They are the first economists to win the prize from the field of "game theory", one of the biggest trends in economics of the past 30 years.

A poker game is in Nash equilibrium if...

$\in S_i,\ u_i(s) \geq u_i\ (s|s_i')$.

Game theorists use models of games such as poker to deduce lessons about situations in which people may base their decisions on how they expect others to react. Pioneering work by yesterday's winners has since been applied to everything from corporate pricing strategy to international disarmament talks.

All three theorists tend to express their ideas in complex

Continued on Page 18
Editorial Comment, Page 17

Cable and Wireless to unveil telecoms project in China

By Andrew Adonis in London

Cable and Wireless of the UK will today announce a large telecoms development project in China which could lead to the opening up of the world's largest telecoms growth market to foreign operators.

The deal will involve Hongkong Talecom, of which C&W owns a majority stake, in a joint venture with Chinese partners to expand the country's telecoms services. Until now, China has maintained a state monopoly over telecoms services, although western telecoms equipment suppliers have long been established in the Chinese market.

A leading Hong Kong analyst said the agreement would involve either a substantial loan from Hongkong Telecom tied to an operating agreement, or a leasing arrangement, either of which might in time be convertible into an equity holding.

"This is a watershed, which could lead within months to a far wider opening up of Chinese telecoms to overseas operators," he said.

The Cable & Wireless board met in Shanghai on Monday, when the agreement was finalised. The agreement follows months of intensive contacts between C&W and China's ministry of posts and telecommunications, during which the ministry nominated C&W as its "preferred partner" for future operations.

China has ambitious plans to increase its number of phone lines from about 30m to at least 110m within the next decade. But the ministry is believed to be finding it increasingly difficult to secure supplier finance for telecoms expansion, which has obliged the government to move faster than expected on joint ventures with foreign network operators.

The last significant step in the erosion of the state telecoms monopoly took place in July, when the state council allowed ministries other than posts and telecoms to operate telecoms networks.

Three other ministries – railways, electronic industries and electrical power – launched a new telecoms network backed by leading domestic groups, which has called on US operators for technical advice.

Earlier this year the operating and regulatory divisions of the MPT were separated, making it easier for new operators to establish themselves. Lord Young, C&W chairman, held talks in Beijing in March with telecoms officials and with Mr Jiang Zemin, China's president. He predicted then that C&W's first Chinese joint ventures could be agreed by the end of the year.

CONTENTS

Stock market anticipates Kohl victory

By Andrew Fisher in Frankfurt

Growing confidence among investors that Chancellor Helmut Kohl's government would be re-elected on Sunday helped the German stock market to make further gains yesterday after earlier concern that the coalition might lose the vote.

The DAX index of leading stocks in Frankfurt added a further 3.3 per cent, or 46.3 points, to reach 2,071 points after a rise of 3.3 per cent (64.2 points) on Monday. Also contributing to the continued upturn was the stronger performance in the bond market. Despite the positive German stock market showing, however, some economists still feel Mr Kohl could have an uphill struggle to win this weekend's general election. "I think his chances are slightly better than 50-50," said Mr Holger Fahrinkrug, Frankfurt-based economist with UBS Global Research.

This morning, he added, stock market opinion was probably tilting to a 55 per cent probability of a victory for Mr Kohl, whose Christian Democratic (CDU) governs with the Bavarian Christian Social Union (CSU) and the Free Democrats (FDP); the latter have done badly in recent state elections. Now, he thought, market opinion in favour of a Kohl success had probably strengthened to 60 per cent.

In its latest monthly German report, UBS said: "The chance of a swing to the left is worrying investors and contributing to a high liquidity preference."

Recent opinion polls suggesting the governing coalition was likely to win an outright victory, with the FDP staying in parliament, have helped market sentiment.

So has confidence about the economic recovery and receding inflation, despite yesterday's news that west German inflation in September had stuck at 3 per cent instead of easing to an annual 2.9 per cent as provisionally stated.

Agreeing that the government was likely to be re-elected, Mr Ulrich Nötges, economist at Trinkaus Capital management, wrote in a pre-election report that markets had been too blasé about the outcome and then swung to over-pessimism. "Only since the start of September do opinion polls show that the coalition has a proper chance of being re-elected."

■ A novel opinion survey set up with the help of the Nobel economic prize winner, Professor Reinhard Selten, says Mr Kohl will win, Wirtschaftswoche magazine reported, Reuter reports from Bonn.

The economic weekly said its Election Bourse survey, which has 500 real traders dealing in fictitious stocks linked to the political parties, said Mr Kohl's coalition would win a tiny majority of seats with 48.6 per cent of the vote. The survey, for which Prof Selten of Bonn University was an adviser, had traders buying and selling each party's stocks according to what they expect the final result to be. Their figures show the combined opposition getting 47.5 per cent and thus failing to reach an anti-Kohl majority.

The Social Democrats would get 35 per cent, the Greens 8.2 per cent and the reformed communist Party of Democratic Socialism 4.3 per cent.

"An election market follows quite different principles from normal opinion polling," Wirtschaftswoche quoted Prof Selten as saying. "How the participants will vote is not decisive, but rather which result they expect."

Bonn government basks in the light of television coverage

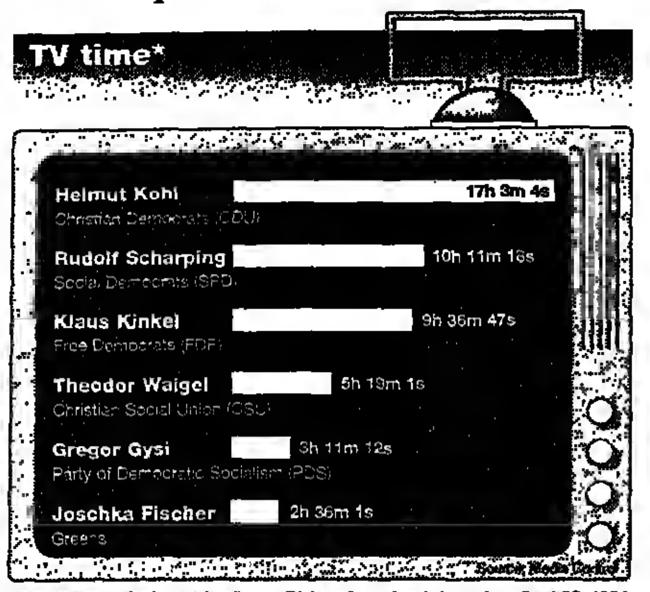
On air, some are more equal than others, writes **Judy Dempsey**

GERMAN ELECTIONS
October 16

On the night of August 17, German holidaymakers who had flocked to the Canary Islands for their vacation had an unexpected opportunity to see an interview with Chancellor Helmut Kohl on Sat 1, the private commercial television channel. For one hour, the chancellor, unhindered by any trenchant questioning, covered a broad range of issues. "This was not a political broadcast," insisted Ms Simone Telgart from Sat 1. "We interviewed him not as head of the Christian Democratic Union but as the chancellor."

That interview, directed specifically at German holidaymakers, was a foretaste of things to come as television geared up for next Sunday's federal elections.

"There is no doubt television has played a very important role in this campaign and will play a crucial role in influencing the undecided voters," said Mr Manfred Güllner, head of the Dortmund-based Forsa Institute for Social Research and Statistical Analysis.



*Discussions/talks by the leading politicians from Jan 1 through to Sept 30, 1994

"At least 15 per cent of voters have still to make up their minds how they will vote. In this context, the role and influence of television in this campaign is much greater than in other federal elections."

In the past, particularly during the 1970s and early 1980s, voters were exposed to only two state-run television channels: ARD, controlled by the 16 states, and the Mainz-based ZDF. Since the advent of private television in 1985, viewers have had a choice of several commercial and satellite channels. These include: RTL, partly owned by the Bertelsmann publishing group; Sat 1, jointly owned by Munich-based mogul Leo Kirch and the Springer group; and Pro 7, also owned by Mr Kirch.

By law, the channels are required to provide equal opportunities for expression of opinions. However, they are not required to give equal time to each party outside party political broadcasts.

Sat 1, with 16 per cent of the audience, and ZDF, with 17 per cent, have consistently supported the CDU, and particularly Mr Kohl, throughout the campaign. "You know exactly where you stand with Sat 1," said Mr Güllner, adding: "It's the Kohl channel."

Between January and the beginning of this month, Sat 1 had broadcast five hours and 10 minutes of interviews with Mr Kohl, compared to one hour and 24 minutes with Mr Rudolf Scharping, leader of the opposition Social Democrats. Mr Klaus Kinkel, foreign minister and leader of the Free Democrats, junior partners in the Bonn government, was given a mere 47 minutes.

The Greens and the Party of Democratic Socialism (PDS), successor to east Germany's Communist party, hardly got a look-in. Mr Joschka Fischer, Hesse's environmental minister and a prominent Green, has been given one minute and 19 seconds; Mr Gregor Gysi, the PDS parliamentary leader, seven minutes. Neither has been interviewed. Said Ms Telgart: "We are concentrating on the main established political parties. And in any case, its natural that the chancellor gets the most air time."

SPD leader Rudolf Scharping: television has had much less time for him than his rival, Helmut Kohl *Reuter*

Mr Kohl and the CDU could hardly ask for better coverage from Sat 1, particularly since Mr Kirch is able to extend his influence beyond television. He owns a 37 per cent stake in the Springer group which publishes the conservative Die Welt daily and the Bild tabloid, both staunchly CDU.

At Springer, Mr Kirch can rely on Mr Jürgen Richter, its new chairman, to promote the CDU. Like Mr Kirch, Mr Richter is a personal friend of the chancellor from the days when he was running the Rheinpfalz newspaper group at Ludswigshafen, near Mr Kohl's home. It was that newspaper group, backed by the chancellor, which took over the Freie Presse in Chemnitz, one of east Germany's largest dailies.

Such support for the CDU is boosted by ZDF. According to Media Control, an independent company specialising in the electronic media, the channel has given Mr Kohl more than five hours of air time between January and the end of September, compared to three hours and 10 minutes for Mr Scharping. In contrast, ZDF has given Mr Kinkel over four hours and 17 minutes.

Some of Germany's other television channels and newspapers have tried to provide more balanced coverage. Mr Güllner reckons RTL and ARD are "comparatively fair". Indeed, Media Control has shown that there is only about 30 minutes' difference between the air time given the two main leaders, while the Greens, FDP and PDS are given coverage as well, although no channel has managed to have a debate between Mr Kohl and Mr Scharping.

But Media Control has also shown that on the four main channels Mr Kohl has received 17 hours and three minutes; Mr Scharping 10 hours and 11 minutes. "We have complained to the television authorities about the bias," said the SPD's Ms Mechthild Reith. "But we had little success. Without a doubt, television has been pro-Kohl and CDU, and ZDF has becoming increasingly pro-Kohl."

The election coverage has convinced Mr Güllner, and Mr Hans Hege, head of the Berlin-Brandenburg Medienanstalen, a body supposed to ensure a wide variety of high quality programmes, of the need to set a ceiling on ownership of television channels, or audience share.

"Once this election is over, there will have to be a major rethink about the ownership structures," said Mr Güllner.

German vision of EU outlined

By Emma Tucker in Brussels

The transfer of sovereignty away from member states to European Union institutions remains at the core of European unification, Mr Roman Herzog, the German president, told a group of Belgian businessmen yesterday.

"This conviction of the founding fathers... has lost none of its importance nor of its topicality," he said, addressing the problem of how to fashion a union of 20 or more member states as more countries queue up to join. His forthright endorsement of a united Europe comes at a time when governments are playing down the emphasis on further integration and highlighting, to increasingly sceptical citizens, that national governments remain in charge of the European Union.

But speaking to the Federation of Belgian Enterprise, Mr Herzog said the German presidency of the Union – which comes to an end in December – had allowed a united Germany to show that it still subscribed wholeheartedly to a united Europe.

"The conclusion of the Maastricht treaty allowed the Union to take a big step forward," he said. "That is not to say that in the face of new challenges, the Union will not have to work to win the confidence of its citizens, and in some instances, win it back."

Addressing the principal theme of the German presidency – enlargement of the EU to take in the countries of east and central Europe – Mr Herzog pointed out that western Europe would not be able to continue to enjoy its current levels of wealth and security if east and central Europe remained poor and insecure.

But he warned that "adhesion cannot happen from one day to the next. Among the countries waiting to join, none has yet completely surmounted the profound crisis brought on by transformation that all of them face." Last month France and Germany called upon the Commission to produce a white paper setting out a plan for enlargement to the east.

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EUROPEAN NEWS DIGEST

Serb-Croat deal 'on the cards'

Serb and Croat media reports insisted yesterday that a formal reconciliation between Belgrade and Zagreb was under active consideration, despite official denials from both sides. Serbia's President Slobodan Milosevic has come under strong pressure from western countries and his close ally, Russia, to recognise the Croatian government and acknowledge, at least in principle, Croatia's territorial integrity. This would mean renouncing all claims that a separate mini-state has been created in the Serb-controlled areas of Croatia. Mr Predrag Simic, director of Belgrade's leading foreign policy institute, said reconciliation with Zagreb would be the "logical next step" in the more moderate foreign policy course charted by Mr Milosevic since his decision in August to sever ties with Bosnian Serbs. There have been persistent reports of a secret Serb-Croat meeting at Graz, Austria, having taken place recently.

Meanwhile, prosecutor Richard Goldstone said yesterday in The Hague that the Yugoslav War Crimes Tribunal would issue indictments next month. He expected to begin trials in March. He said Croatian officials had agreed to surrender war crime suspects but there was no indication of the identities of the suspects, or whether they were even in custody. So far the Serbian government has refused to co-oparate with the inquiry, set up by the UN Security Council last year. *Bruce Clark in Belgrade and Agencies*

Private cable operators organise

A group of Europe's leading private cable operators will this week launch an association to campaign for permission to carry telecommunications services across their networks in competition with phone companies. The move comes as the European Commission seeks to persuade EU telecoms ministers to allow competing telecoms networks, including existing cable television systems. The Association of Private European Cable Operators will include Générale des Eaux, the main French privata sector cable operator, UK-based cable companies – which since 1991 have been allowed to offer telecoms services and now have more than 500,000 phone subscribers – and independent operators in Denmark and Germany. The association, based in Brussels, is a break-away from the European Cable Communications Association by private operators whose interests are diverging sharply from those of the state-owned phone companies which account for 40 per cent of Europe's cable connections. About 43 per cent of Europe's cable connections are provided by private operators, with a further 17 per cent provided by local authorities or non-telecoms utilities. *Andrew Adonis, London*

Polish defence row simmers

The Polish parliament's defence committee yesterday came out strongly in support of Mr Piotr Kolodziejczyk, the defence minister who is at the centre of a dispute over control of the armed forces between the government and President Lech Walesa. The committee, meeting on the day after Mr Walesa asked Mr Kolodziejczyk to resign, called on the government to examine the circumstances of an alleged "revolt" by the top military command against Mr Kolodziejczyk last week on manoeuvres in Drawsko. President Walesa, who wants to control the army directly through the general staff, explained in a letter to the committee yesterday that he had indeed asked Poland's top generals to express their view on the progress of army reforms. Yesterday, however, Mr Kolodziejczyk, a retired admiral and once a Walesa favourite, said the president had asked the generals to vote on his record. "Eleven voted against and two for," Mr Kolodziejczyk said, adding that he would not resign until the issue of bringing the army into politics in this way had been resolved. *Christopher Bobinski, Warsaw*

Belarus bans foreign currency

The Belarus government, which until recently was pressing for monetary union with the Russian rouble, has banned its use, along with other foreign currency in all cash and domestic transactions. The Belarus rouble will be the sole means of payment in retail trade by the end of the year and enterprises have to comply with the order within a week. Russia approved a similar move earlier this year, outlawing the common practice of many shops to quote prices in dollars or other convertible currencies. Belarus's first post-Soviet government lobbied for monetary union with the Russian rouble but central banks in both countries dismissed the arrangement as unworkable and President Alexander Lukashenko has dropped the proposal since his election in July. The "anti-crisis" programme approved by the Belarus parliament earlier this month plans to cut monthly inflation to 7-8 per cent by next June and reduce the budget deficit. Inflation last month stood at 25 per cent, down from 53 per cent in August. *Reuter, Minsk*

Caspian nations get together

Representatives of all the countries surrounding the Caspian Sea will meet today to try to hammer out their differences over claims to the region's natural resources. The precise demarcation of borders has been in dispute following the break-up of the Soviet Union. Russia and Azerbaijan have recently squabbled over oil rights after a \$7bn exploration and development deal was announced by the Azeri government. The sea is enormously rich in oil resources and has been the focus of much exploration activity by foreign companies. The other interested countries, which include Iran, Kazakhstan, and Turkmenistan, will discuss the division of mineral and fish resources and also navigational issues for shipping. The Russian government, which will be represented by Mr Andrei Kozyrev, foreign minister, will stress the unacceptability of unilateral action by any one government bordering the sea. Mr Kozyrev met a representative of the Iranian government yesterday. *John Thornhill, Moscow*

Nuclear arrests in Romania

The Romanian police have arrested three Moldovans, two Romanians and two Jordanians in possession of 7kg of uranium and strontium, Radio Bucharest reported yesterday. The seven were trying to sell the nuclear material for \$400,000 and had been arrested in Vrancea, central Romania, following a tip off from security services. It is the second uranium smuggling incident in Romania in the past 10 days. Police said last week they had arrested six Romanians, including two army officers, who were attempting to sell 4.5kg of uranium 235 and 238 at a villa near Bucharest. Officials said they believed the uranium had come from abroad. The arrests follow a recent spate of cases of uranium smuggling in eastern Europe. Most have involved uranium from nuclear plants in the former Soviet Union. Romania, which borders the former Soviet republics of Ukraine and Moldova, is close to completing its first nuclear plant. *Virginia Marsh, Budapest*

ECONOMIC WATCH

Hungarian trade setback

Hungary's trade deficit jumped to a record \$473.6m in August, bringing the total deficit in the first eight months to \$2.594bn, the Trade and Industry Ministry said. Exports in the same period were \$6.361bn, up 12.2 per cent over the first eight months of last year, while imports rose 16.1 per cent to \$8.954bn. Officials blamed the August deficit on exceptional items such as a \$147m payment for the lease of Boeing airliners by Malev, the national carrier, and energy imports costing \$136m. The central bank has devalued the forint by 1.1 per cent with effect from today, bringing total devaluation to 14.9 per cent this year. *Virginia Marsh, Budapest*

■ Denmark's gross domestic product growth rate is set to level off, with no signs as yet of higher inflation, the central bank governor, Mr Erik Hoffmeyer, said yesterday. "We expect the... high 4.4 per cent rate predicted for 1994 to level off to 3 per cent in 1995," he said.

French tear down symbol of urban conflict and despair

Andrew Jack reports on the demolition in Lyons yesterday of a low-income tower block city that became a national embarrassment

Ten tower blocks in Les Minguettes, a complex in a Lyons suburb, being demolished yesterday. The 15-storey blocks disappeared from the skyline in a cloud of dust as many expressed a sense of relief at the end of an era of 1960s technocratic planning Reuter

For a suburb known almost universally throughout France as a synonym for the worst in urban conflict and decay, Les Minguettes is remarkably hard to find.

The area seems to be mysteriously off the edge of many of the maps of Lyons, just as it is a little beyond the end of the métro line, itself only extended far into the south-east of the city in recent years.

Many in the region would probably like it to remain forgotten, given the associations of Minguettes with the riots in the "hot summers" of 1981 and 1983 which gave it national notoriety and helped trigger a range of government inquiries and new urban policies.

Yesterday was an exception, as thousands gathered to witness one of the most ambitious such acts ever undertaken: 10 of the 15-storey, low-income housing blocks in the suburb that became most tarnished with despair over the past 30 years were demolished by explosives in a matter of minutes. The so-called "Towers of Democracy", distinguished by little more than the enormous purple numbers on their flanks, disappeared from the skyline. The recently-erected barriers will soon be removed and 86,000 tonnes of rubble trucked away.

The destruction left many – including former inhabitants – with a sense of relief, and marked the end of an era of technocratic 1960s urban planning strategies. But others were left wondering whether it was all in fact far more symbolic than useful.

Some 48 high-density towers still stand in Minguettes, remnants of one of the "mushroom cities" constructed at great speed in the late 1960s and early 1970s to cope with extreme housing shortages. At their peak, the blocks accommodated 35,000 people.

Mr André Gérin, the Communist mayor of Venissieux, the municipality in which Minguettes is based, remembers the excitement when they were first built. Formerly a worker in a lorry factory, he moved into one of the blocks in the late 1960s and recalls the delight of being for the first time in a flat that was modern and spacious, with central heating and a bathroom.

Yesterday he said he felt mainly "relief" at the destruction of the flats.

The problem was partly poor quality construction and management, and partly the failure of attempts to create socially-mixed housing. Low-income housing policy started to favour lower-density construction. Over the following years, those who could afford to moved out: the young professionals, skilled workers, anyone with money. A residue of increasingly more marginalised groups remained.

Struggling with economic recession, Minguettes became one of the most concentrated areas of deprivation in the country. Even official statistics, which substantially underestimate the problem, showed unemployment last year at 22 per cent.

Nearly a quarter of the population are classified as immigrant, more than a third are aged under 19, and more than 22 per cent live in households of at least five people. Many families have fallen behind in paying their subsidised rents. Crime, drugs and educational failure are all widespread.

The difference in lifestyles between the older French population and younger immigrants in the area has helped fuel racial conflict, while relations between the police and the local youth – particularly those of North African origin – have always been tense.

Yet even the saga of the demolition of the "Towers of Democracy" highlights the problems of French urban policy. It has taken nine years and a number of alternative plans for rehabilitation since the flats were emptied of residents in 1985 in preparation for demolition.

Mr John Tuppen, a geographer at Lyons business school, says the delays were partly explained by political complications and persistent disagreements over the different policies of the various strands of government.

It remains unclear whether the local community will be able to gain sufficient political and financial support for its plans for Minguettes: an extension of the métro, a new media centre and a technical institute.

"Most of the proposals to do with 'Democracy' have come to nothing," saye Mr Tuppen. Even the planned physical changes do little to affect the underlying social problems. "Despite all the rhetoric, it is unrealistic to expect any major change while there is such high unemployment," he says.

Mr Gérin, the mayor, is optimistic about the future, pointing to a strong sense of local community. "We need to proceed with humility and wisdom, realising that it takes time to build a town," he says. But his solutions are ambitious: social integration, work and greater local power. Father Christian Delorme, in charge of relations with the Moslem community for the Diocese of Lyons, sees continued tensions between the second generation of North Africans and other members of French society, including the police. "I am pessimistic. I see French suburbs becoming more like American ghettos. It would be difficult to create balanced communities there now."

While yesterday's demolition cost an estimated FFr14m ($2.65m) the municipality still faces an outstanding bill of FFr17m to complete payments to the state for the blocks' original construction. It will be a continual reminder that the problems of the past are far from over.

Kuchma plans big reforms for Ukraine

By Matthew Kaminski in Kiev

Ukrainian President Leonid Kuchma yesterday outlined a radical economic reform programme in an inaugural policy address before parliament.

Mr Kuchma, elected in July, confronted the communist-dominated chamber with plans to privatise land, overhaul agriculture and cut state subsidies as part of Ukraine's first real attempt at reform. The president also claimed wide powers to implement the steps even in the face of opposition from parliament.

Mr Kuchma's speech, which had been postponed several times, is the first clear public indication that the Ukrainian president intends to support comprehensive market reforms. His address is a direct challenge to the conservative legislature and to western governments, which Kiev will now expect to deliver on promises of substantial aid.

The broad strokes of Mr Kuchma's reform programme come from the preliminary deal agreed with the International Monetary Fund last week on a $360m loan, the country's first since independence. But Mr Kuchma, defying expectations of some western observers who doubted whether the former missile factory director would ever be fully converted to the cause of market reforms, went beyond that text.

After outlining Ukraine's economic predicament, the president said the only way to ensure "true independence" and prevent "colonial status" was to stabilise the currency and inflation, overhaul the taxation system to lure businesses back from the growing shadow economy, and reform financial services.

Although Mr Kuchma campaigned on a pro-Russian platform, he couched his economic programme in national terms. Mr Kuchma, still viewed suspiciously by some nationalist politicians who fear he seeks a reunion with Russia, warned parliamentarians that economic reforms are crucial if Ukraine is to survive as an independent state.

"Our banks are not strong enough to fight and compete with Russian banks," he said in his now fluent Ukrainian. "We must do a lot to ensure economic sovereignty."

Against strong parliamentary opposition, Mr Kuchma also endorsed land and property privatisation only days after Mr Alexander Moroz, the conservative parliamentary chairman, vowed to oppose these measures.

The other bold step, awaited by World Bank negotiators keen on structural reform, was the call to overhaul agriculture, potentially Ukraine's most profitable industry but now heavily subsidised.

"The key to the realisation of real reform in Ukraine is agriculture," Mr Kuchma said.

Mr Kuchma also endorsed large-scale privatisation, currently stalled, and the decentralisation of the economic control currently exercised by central ministries. Both steps face strong opposition in parliament and among some ministries.

Mr Kuchma warned that he would not permit parliament to hamper his economic plans. "Political changes are needed, too," he told MPs. "Parliament cannot interfere in the affairs of the president [and] ... does not have the power to act independently on economic reform."

With the constitution unclear on division of powers, Mr Kuchma claimed the power to appoint regional government heads, unilaterally establish the division of power between the president and the legislature and eventually replace the Brezhnev-era constitution.

He also appealed to international financial institutions for further aid, such as the $4bn promised at Naples' G7 summit, to promote reform. He said "we cannot solve energy problems on our own" and saw a need for external financing to cover the chronic balance of payments gap, now at $3bn.

His speech was seen as a direct attack against the communist-dominated parliament which poses the greatest potential threat to reforms.

Russians bemused by 'Black Tuesday'

Either by accident or design, the government appears to have lost control of the rouble, reports **John Thornhill**

Russia is not the first country to experience the humiliating effects of a currency market in full flight – although few devaluations can compare with the rouble's fall, in speed and scale. Like many before them, Russian ministers and central bankers yesterday were like puppets tossed around by the savage forces of a panicking market.

The Russian media were quick to pronounce "Black Tuesday" following the "catastrophic fall" in the rouble. The reaction of ordinary Russians was one of stunned incomprehension.

No one in the streets knew what it would mean for the everyday economy. "Collapse? Hyper-inflation? We simply do not know," said one confused Russian. Currency exchanges shut their doors for "technical reasons" as anxious crowds milled around outside.

Mr Yuri Zarubin, wbo works at a computer company which sells software priced off the dollar was fearful of tbe effects, thinking his company's sales would be badly hit.

His wife, Olga, said: "All the prices will go up again and I do not know how we will buy the most basic things."

What cannot be measured is the psychological damage the rouble's fall will inflict. Tbe value of the currency has great symbolic significance in Russia. A television advertisement for one Russian finance company envisages tbe day in 1999 when the dollar will have collapsed to a few kopeks against the mighty resurgent rouble. Such advertisements tap into a deep vein of Russian pride.

Throughout tba summer the central bank appeared to have done a good job in busbanding the rouble. Indeed, in real terms it had appreciated against the dollar, encouraging people to bold roubles to the benefit of the Russian government bond market.

Russia's reformist ministers spoke with pride about bow thay were winning tbe confidence of the people. Their economic stabilisation policies were having a visible effect. Russia was beginning to become a "normal" country once again.

How severely tbe government's economic programme will be jeopardised by the rouble's fall is – as yet – impossible to tell. The devaluation will undoubtedly bring relief to some parts of tbe economy – at least temporarily. Tbe energy sector, in particular, which sells oil and gas abroad for hard currency, will make useful currency gains although tbey will also have to pay more for imported equipment.

The devaluation may also belp domestic manufacturers compete more effectively against imports. The Russian government has been seeking to protect domestic industry by raising import duties.

The rouble's fall will have a similar effect. The relative price of imported goods will shoot up making life difficult for the western consumer goods manufacturers active in the Russian market.

In comparison with most countries, however, imports still represent a relatively small proportion of all traded goods – especially outside the big cities.

Some economists argue that is far from certain that tba rusb into the dollar will necessarily fuel inflation. The critical test will be the effect tba devaluation will have on the prices of domestic goods.

Some devaluations bave proved beneficial in retrospect and there is a certainly a benign interpretation that can be placed on the rouble's fall.

One western economist in Moscow says: "There are two ways of viewing it. The negative one is simply that the government has lost the trust of the people. The other is that the government is letting the rouble slide to help exchange rate stabilisation in 1995. On this view, the ronble's fall is a policy pursued by the government not imposed hy the market."

At the government's budget meeting held at Sochi at the weekend, it is believed ministers discussed an extremely tight budget for 1995 with the aim of reducing the monthly inflation rate to 1 per cent. Credit emissions would be strictly controlled and a real attempt would be made to produce a stabilisation package for 1995.

But some ministers argued that trying to stabilise with the rouble at too higb a level would inflict further unacceptable pain on Russian industry.

"At this new rate all opposition within the government to trying to fix an exchange rate next year has been eliminated. Previously there was a view that the stabilisation policy was too tough for Russian industry," says one sourca familiar with the discussions.

The government believes that perhaps as mucb as $10hn of western money would be needed to stabilise tbe excbange rate but fears the IMF will not move quickly enough to support a new level. The IMF will face an agonising decision about tbe extent of its support following tbe rouble's latest collapse.

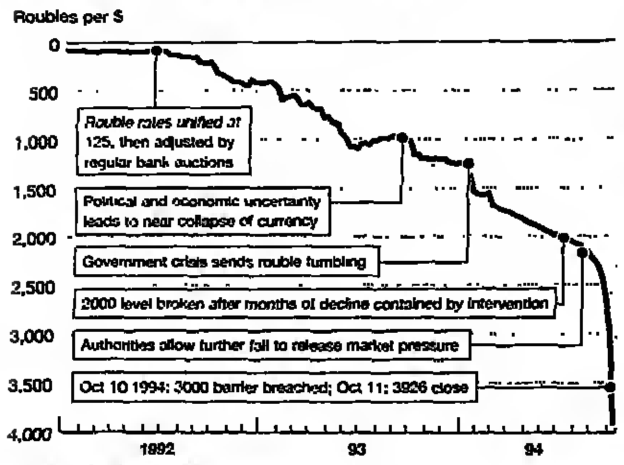
The rouble in trouble: a bank clerk posts the latest rates in a Moscow street Reuter

The danger for the government is that its plans, if such they are, might yet be defeated by the manner of their implementation. Tbe problem perhaps is not so much the level at which the rouble now trades but the speed with which it has fallen.

There is not mucb the central bank can do to stabilise the situation if the rouble continues to run out of control. Mr Victor Gerashchenko, chairman of the bank, threatened to raise interest rates to help defend the currency if the speculation continued but that would further damage Russian industry.

"The trouble is the government's credibility has been obliterated. It will now be that much harder to try to stabilise the currency next time round," one western banker said.

A currency market in full flight



Source: FT Graphite, Reuter

Irish PM's pay increase raises issues of state

The Irisb prime minister, Mr Albert Reynolds, yesterday came under attack from opposition politicians over a proposed 17 per cent pay rise which they said would make him the second-bighest paid head of government in Europe wbile be has one of the smallest countries to run. Renter reports from Dublin.

The row broke out sbortly after the resolution of a parliamentary dispute over top legal appointments between Mr Reynolds's Fianna Fail party and its junior Labour party coalition partner – which had briefly raised the prospect of an early general election.

The attack on Mr Reynolds' pay increasa was led by Mr John Bruton, the leader of the opposition Fine Gael party. "We hava a situation wbere our prime minister is the second-highest paid in Europe, while we are one of the smallest countries. He is now paid more than [Britisb prime minister] John Major, who has a job which involves dealing with a population between 15 and 20 times as big as the one for whicb Mr Reynolds is responsible."

The pay increase would give Mr Reynolds, whose country has a population of 3.5m, an annual salary of around I£100,000 (£99,240), compared with the £280,000 earned by German Chancellor Helmut Kohl, head of a nation of 75m people, and Europe's best-paid political leader.

Mr Bruton tabled a motion calling for the pay increase to be postponed but it was unlikely to be adopted by parliament, political sources said.

Earlier, the Labour party leader, Mr Dick Spring, had raised the prospect of an election barely two years after the ruling coalition was formed by objecting to the naming of the attorney-general, Mr Harry Whelehan, as president of the High Court.

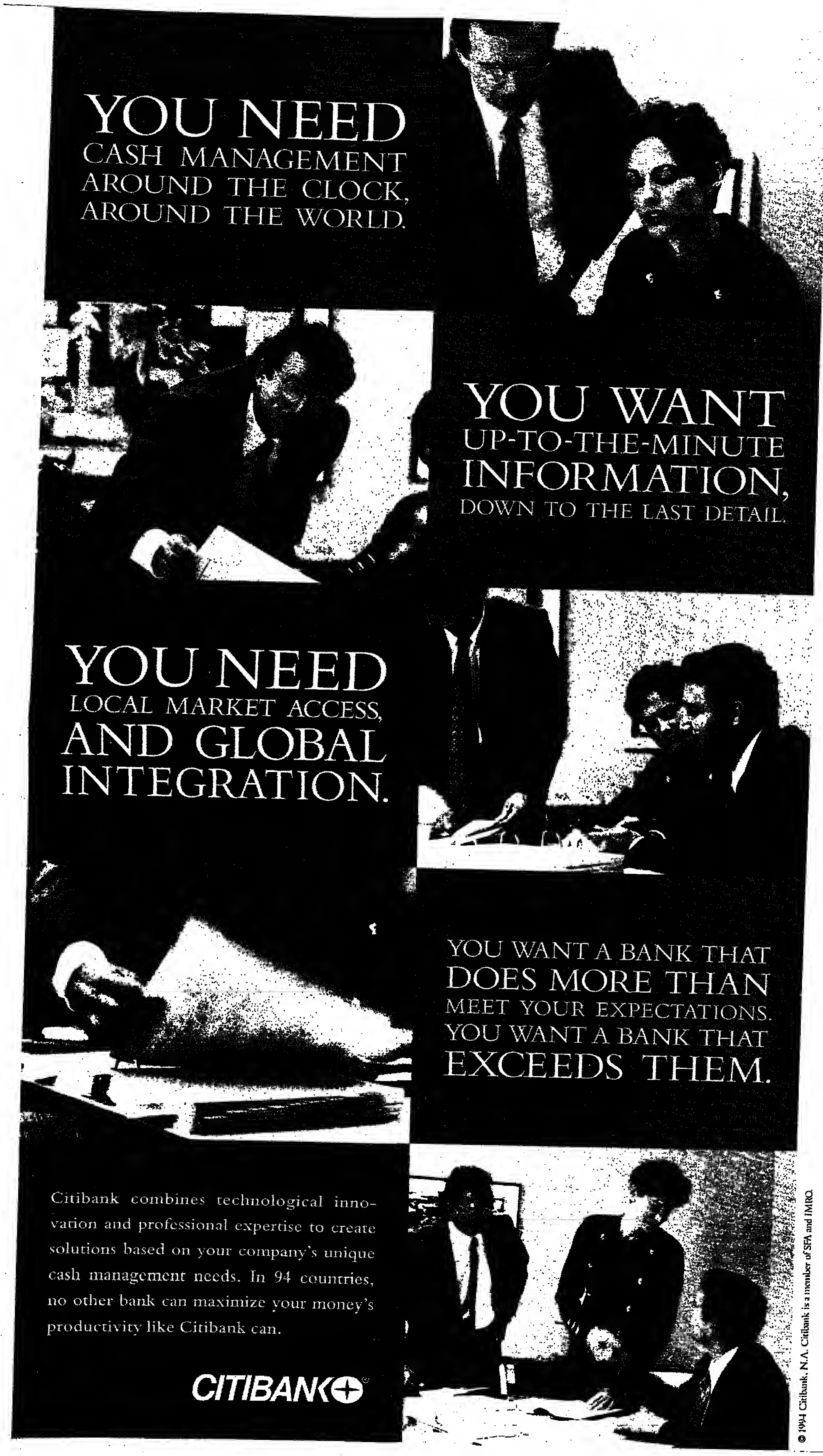
However, the government said a few hours before parliament reconvened after a 103-day summer recess that it would legislate to make changes to the way top legal appointments are decided.

This row had been seen as a trial of strength between Labour, whose popularity has been slipping in opinion polls, and its dominant government partner which might have held up an Anglo-Irish campaign to bring peace to Northern Ireland.

Mr Spring had said that the Labour party wanted to be consulted and involved in such top appointments and put forward alternative candidates which Mr Reynolds refused to accept.

The dispute was smoothed over when it was announced that the government had accepted the recommendations of a parliamentary committee set up to mediate in the crisis and said legislative changes would be needed. The statement said a new Higb Court president would be named when the changes had been brought into law but gave no further details.

The announcement ended weeks of wrangling over the appointment which had raised Fine Gael's hopes of ending Fianna Fail's grip on power.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Thai state sell-offs prove to be a half-hearted business

Privatisation can mean the government retains control and will not let go, write **Victor Mallet** and **William Barnes**

When is a privatisation not a privatisation? The answer, according to critics of Thailand's half-hearted attempts to sell state enterprises to the public, is when the government retains management control over the "privatised" company and will not let go.

Thai Airways International was floated on the Thai stock exchange more than two years ago, but only 7 per cent of the company was offered to private investors; the poor performance of the shares has delayed the sale of further tranches: the finance ministry has 93 per cent.

The Electricity Generating Authority of Thailand (Egat) embarks on privatisation in the next few weeks by floating a subsidiary called Egco that will own at least one power station, but Egat will keep a controlling stake and sell only half the shares to the public.

The Telephone Organisation of Thailand (TOT), which failed for years to provide Thailand with enough telephone lines, has contracted private companies to instal 3m new lines in exchange for a share of revenues. But the TOT and the Communications Authority of Thailand (CAT) maintain monopoly control over local and international calls respectively.

In the oil industry, the Petroleum Authority of Thailand still controls 71 per cent of PTT Exploration and Production (PTTEP), the subsidiary it floated last year. Private investors hold only 20 per cent of Bangchak Petroleum, the oil refiner and distributor floated last month. "It's not real privatisation," says Mr Prachai Leophairatana, chief executive of the privately-owned Thai Petrochemical Industry. "The government still holds and controls the whole thing."

Thailand has embraced the principle of privatisation since 1988, both to raise funds for heavy capital spending by state utilities and to increase their efficiency, but successive governments have been slow to implement the policy. Until now, there has been little sense of urgency. Egat, the biggest state enterprise, has increased electricity generating capacity fast enough to meet surging demand in Thailand's fast-growing economy.

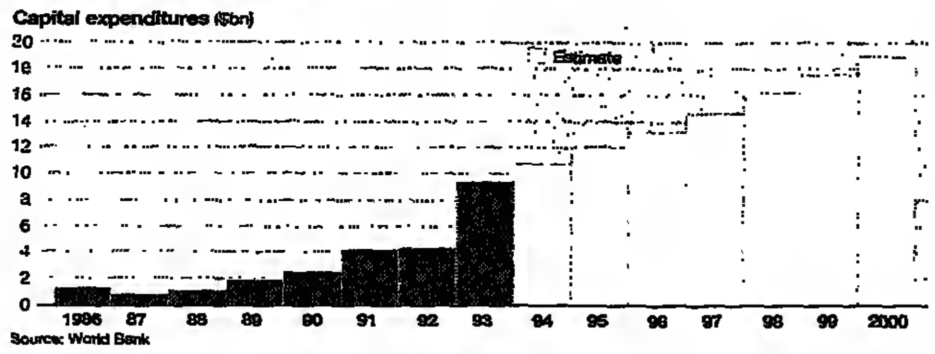
In other state companies, some managers are reluctant to lose control of lucrative fiefdoms or open the financial accounts of their companies to the public. Before its privatisation, Thai Airways was controlled by the air force; the company bought a bewildering array of aircraft and engines which appeared to have little to do with building an efficient airline. Civilian managers are now attempting to rationalise the company.

STATUS OF PRIVATISATION STUDIES

	Name of State Enterprise	Not Yet Started	Being Contracted	Ongoing	Completed
1.	Airport Authority of Thailand (AAT)	x			
2.	Bangkok Mass Transit Authority of Thailand (BMTA)	x			
3.	Communications Authority of Thailand (CAT)				x
4.	Electricity Generating Authority of Thailand (EGAT)			x	
5.	Express Transport Organisation (ETO)	x			
6.	Expressway and Rapid Transit Authority (ERTA)	x			
7.	Mass Communication Organisation of Thailand (MCOT)	x			
8.	Metropolitan Electricity Authority (MEA)				x
9.	Metropolitan Waterworks Authority (MWA)		x		
10.	Petroleum Authority of Thailand (PTT)			x	
11.	Port Authority of Thailand (PAT)	x			
12.	Provincial Electricity Authority (PEA)		x		
13.	Provincial Waterworks Authority (PWA)		x		
14.	State Railway of Thailand (SRT)	x			
15.	Telephone Organisation of Thailand (TOT)		x		

State enterprises

Capital expenditures ($bn)



Source: World Bank

"Anomalies are more apparent in listed companies," says Mr George Morgan of stockbrokers HG Asia. "It's much easier to spot where money can be siphoned out." He claims: "Vested interests are woven deep" into the fabric of various organisations. Anxious about the slow pace of privatisation, the Thai finance ministry last year asked the World Bank to send a mission to Thailand to examine the issue.

Mrs Manimal Vudtitornetiraks, one of the privatisation officials, says the various state enterprises and their parent ministries have been reluctant to privatise. "I don't think we can force any ministry to do it, but we can try to pressure them," she says. "That is why we asked the World Bank to make suggestions. We expect to see a steady stream of privatisations but each ministry will have to make the move itself."

World Bank officials are in no doubt about the benefits of selling state companies to investors. "Massive capital need is driving privatisation," says Mr Ismail Dalla, head of the Bank's privatisation mission to Thailand.

According to Mr Dalla, the 15 Thai utilities on which the Bank concentrated its research have $94bn (£62.6bn) of capital expenditure requirements up to the year 2000. They are not badly run and can generate $41bn internally, but still need a further $53bn. "If this financing gap is taken care of by the private sector, the government can focus on education, environment policy and welfare, which should be the role of the government," says Mr Dalla.

Apart from recommending the use of a range of international and domestic financing mechanisms to ease the strain on the Thai equity market as it absorbs huge privatisation issues, the bank has delicately suggested that Thailand should end the confusion arising from the hesitant privatisation moves made thus far.

The most pressing need is for independent regulators. At present the state-owned TOT and CAT are expanding into new telecommunications markets via private concessions and acting simultaneously as operators and regulators. If the TOT and CAT are privatised, they could find themselves competing against, and regulating, their own contractors.

Egat will be in a similar position in the electricity market. It would hardly be surprising if Egat favoured Egco, which it controls, over its private-sector rivals in the awarding of power contracts.

Indeed it already does so, according to Mr Prachai; he says Egat will buy surplus electricity from his petrochemicals complex at a much lower price than from Egco.

"We are not aware of any country thet has chosen to promote private power by creating a generating company that is affiliated with, and competes for, the purchases of its parent company," comments the draft World Bank report on Thai privatisation.

"We recommend that the government fully divest Egco as soon as possible."

State enterprise managers and employees may balk at privatisation because they fear the loss of sinecures, but they are also tempted by windfall profits from share offerings and by big salary increases for civil servants who suddenly become executives in a "private-sector" company.

"It is kind of tricky when you are taking away someone's toy," says Mr Vuthipong Priebjrivat, managing director of Thailand Rating and Information Services, which assigns credit ratings to potential bond issuers.

"But once they realise they can get another, perhaps even more attractive, toy when their business expands, they get interested."

The World Bank's Mr Dalla agrees. "A year and a half ago there was a lot of fear, especially among the employees. But after PTTEP and Bangchak I think they realise it's a win-win situation because all the employees become wealthier through privatisation...I think it will accelerate. There are really no major hurdles in the way."

Minister to answer to Hualon inquiry

By Laura Tyson in Taipei

Mr Lin Chen-kuo, Taiwan's finance minister, and Mr Day Linin, chairman of the securities and exchange commission, are to appear before the legislature's finance committee today for questioning.

There have been calls for their resignations for their alleged part in a share market controversy that sent stock prices plummeting 14.7 per cent in a week.

Mr Ma Ying-jeou, justice minister, told the legislature yesterday that the government would crack down on illegal share trading activities, and those responsible for the defaults crisis would be brought to justice.

The episode erupted last Wednesday when Hung Fu Securities, controlled by the Hualon Group, bounced a cheque to the Taiwan Stock Exchange Corp, triggering a rash of cheque defaults totalling T$7.6bn (£182m).

Mr Lin and Mr Day will be asked to explain why they did not begin earlier to investigate suspicious trading in shares of Imperial Hotel, controlled by the Hualon group. The price of shares in the hotel rose from T$75 to T$402 over 10 months, sparking concerns among underground financiers lending to Hualon's chief, Mr Oung Ta-ming, which led them to withdraw funds.

Investigations could show that legislators, big companies and even government officials figured among Mr Oung's financial links. The three main political parties yesterday announced party members found to be involved would be punished.

Officials made a surprise raid on Mr Oung's headquarters late on Thursday night and seized documents relating to the share crisis.

Mr Oung's chief trader and financial manager, Ms Li Hsiu-len, was detained last Thursday morning as she tried to flee the country and has been held incommunicado since. Ms Li was responsible for Mr Oung's share trading activities as well as negotiating with the underground financiers who backed him.

Crisis could bring a blessing to Kuwait

US troop presence will almost surely mean a mini-boom, reports **Robin Allen**

Kuwait's financial and business community has praised the professionalism displayed by the government, the central bank and the Kuwait Investment Authority (KIA) in maintaining public confidence and forestalling panic in the emirate by "flooding the market with liquidity," as one banker put it yesterday.

It is too early to assess the full impact of this latest crisis with Iraq, but the presence of more than 70,000 US and other troops will almost certainly lead to a mini-boom among importers, traders, and retailers and increased activity in consumer durables, foodstuffs and the catering business.

If the US maintains its resolve over Iraq and Saddam Hussein's ability to intimidate Kuwait is eliminated, many in the banking and business communities believe a more stable and healthy political environment could emerge. This would lift Kuwait's, and the region's, economy out of the present stagnation.

The rush to get cash and hard foreign currencies, which began on Friday, had largely dissipated by Monday night, and according to some bankers had been reversed by yesterday, when Kuwaiti dinars were again in demand and cash was being returned to banks.

Given the imbalance in Kuwait's population between nationals and foreigners, bankers said the rush to convert had sensibly been anticipated by the central bank.

Of Kuwait's total population of 1.75m, only 670,000 are nationals, latest figures from Al-Shall Economic Consultants show. Its head, Mr Jassem Al-Saadoun, is an independent economic adviser to Kuwait's parliament. The balance of some 1.1m people is made up largely of low-income workers, mainly expatriate Arabs, some 519,000 Asians (mostly Indians), 7,200 Europeans, 4,400 North Americans, 232 South Americans and 479 Australians.

A money changer at rest in Kuwait City's money market yesterday. After an initial rush for dollars, news of a possible Iraqi withdrawal calmed exchange activity AP

Those Kuwaitis who sold dinars were simply transferring money overseas rather than taking cash. The demand for hard-currency cash came from the foreigners; the demand volume from banks' automatic teller machines over the Friday and Saturday banking weekend was always manageable. The population as a whole stocked up on food, water and petrol, the last of which sells for less than $0.5 per gallon.

According to Mr Ibrahim Dahdouh, chief executive of National Bank of Kuwait (NBK), the leading commercial bank, the central bank minimised panic by instructing all banks to ensure public demand was met. The only problem encountered was getting hard-currency notes from one branch to another.

The government has gained in other ways.

It has frequently been at odds with the national assembly over the management of the economy, but sensibly used Friday's emergency cabinet meeting as a chance to invite the assembly's speaker, Mr Ahmad al-Saadoun, into its councils.

Communication has also improved between government and the public, largely because government spokesmen have encouraged the local press to be as outspoken as it wants.

Even Kuwait's stock exchange, for years almost moribund, but recently reviving, has reacted favourably. Share prices lost a little in the first two days of the crisis, but since recovered.

The real underlying problems confronting the economy – the fall-out from, successively, the Souk al-Manakh crisis when the unofficial stock market crashed in August 1982, the instability from the Iran-Iraq war which only ended in 1988, the oil-price fall of 1986, the Iraqi invasion of August 1990 and its aftermath, all of which drained private sector confidence – can only be mat with a return to sustained political stability.

A measure of the local economy's stagnation is shown in central bank figures to last June. Some 55 per cent of Kuwaiti commercial banks' assets are represented by their holdings of government bonds; a further 20 per cent by their overseas holdings.

Only about 12 per cent of commercial banks' assets are in loans to the private sector. Most financing to the private sector is connected to the government's spending on oil or oil-related projects. The public sector in Kuwait is responsible for 75 per cent of overall economic activity.

But the government in turn only spends when it has enough money from oil, which accounts for more than 85 per cent of annual budget revenue.

The combination of prolonged instability and a government strapped for cash dominating the economy meant that for years the private sector has kept its money overseas.

A portent of any impending economic recovery, were enduring political stability to return to the northern Gulf, came in September with the public issue of shares held by KIA in the Commercial Facilities Company (CFC), a local consumer credit company.

National Bank of Kuwait acted as lead manager for a group of local banks and investment companies which underwrote the issue on behalf of the government. Originally, KIA intended to sell only 30m of the 98m shares, 55 per cent of its holdings in CFC. However, the share issue was five times oversubscribed and in face of this, KIA ended up selling 70m of its shares, reducing its holding in CFC to a mere 15 per cent.

If confidence returns to Kuwait, further public share issues could be as successful. Then, finally, Kuwait's economy could turn the corner.

FRANCE OFFERS GULF FORCES, BUT WITHOUT ENTHUSIASM

By David Buchan in Paris

France has told the US that French forces in the Gulf region are available for any allied riposte to Iraq, but has so far moved only a single frigate towards Kuwait, in an effort not to over-dramatise the situation.

In the same relatively cool vein, the French Foreign Ministry said yesterday that Mr Alain Juppé, France's foreign minister, saw no need to modify his planned trip to other three Gulf states this weekend by stopping off in Kuwait.

Mr Juppé told his US counterpart, Mr Warren Christopher, on Monday that Paris shared Washington's "serious concern" about Iraqi threats to Kuwait, and that its forces in the general region, including six Mirages in Saudi Arabia, five Jaguars in Turkey, two ships in Muscat and 4,000 men in Djibouti, would be available for any necessary action.

Just as France had been somewhat readier than the US or Britain to contemplate an easing of sanctions against Bagdhad after a trial period of a new United Nations monitoring system in Iraq, so France has been a bit less enthusiastic than its Anglo-American Security Council partners to return in force to the Gulf.

While Mr Juppé stressed that no risks should be taken with Iraqi troops, his Foreign Ministry officials were cautioning against "excessive dramatisation" of the situation lest very rapid mobilisation on both sides of the Iraqi-Kuwaiti frontier should make a clash almost inevitable.

NEWS IN BRIEF

Strike disrupts life in Karachi

Business activity was disrupted in Karachi, Pakistan's commercial capital, yesterday in response to an opposition call for a general strike, Farhan Bokhari reports from Karachi. Many businesses were shut and employees fearing violence stayed away from work. The Karachi Stock Exchange, the pulse of the country's business activity saw thin trading with turnover at a quarter of the market's daily average.

In Lahore Pakistan's second largest city and the home town of Mr Nawaz Sharif, the opposition leader, at least six people were killed in a bus accident during a pro-government demonstration by members of the ruling Pakistan's People's party who were protesting against the strikes.

The strike was the latest episode in an opposition-backed campaign by Mr Sharif who is demanding the resignation of Ms Benazir Bhutto, the prime minister, and Mr Farooq Leghari, the president. Both leaders have turned down their demands.

This latest encounter is a reminder of political instability in Pakistani politics. Last year four governments came to office in a five-month period before Ms Bhutto's electoral victory gave her a second chance to become prime minister.

In spite of the opposition's protest, most political analysts discount the possibility of another change of government. Ms Bhutto is backed by Mr Leghari, and the powerful army is apparently not interested in bringing about change.

HK hard line on securities

Hong Kong's government is to tighten securities legislation by empowering the Securities and Futures Commission (SFC), the regulatory body, to provide reciprocal investigative assistance to overseas counterparts and company inspectors, Lonise Lncas writes from Hong Kong.

The measures, detailed in a bill which will be introduced into the Legislative Council this month, will enable the SFC to pass information on to overseas authorities even where the case concerned does not involve a breach of relevant Hong Kong laws. Mr Michael Cartland, secretary for financial services, said the changes had been prompted by the local market's internationalisation and growing need for cross-border regulatory co-operation.

However, the SFC will not be obliged to provide automatic assistance on request, but will have to consider cases on their own merits and against certain criteria.

Berber singer released

Lounes Mahtouh, the Kabyle Berber singer, kidnapped by Islamic guerrillas two weeks ago, was released on Monday evening, Francis Ghilès writes from Paris. The kidnapping of the popular singer, who strongly identifies with Berber culture, had brought out 100,000 people into the streets of the regional capital of Tizi Ouzou.

The kidnapping appears to have been the work of tha extremist Islamic Armed Group. The release of the singer appears to have been negotiated through traditional channels of family and clan, Mr Mahtouh's family having threatened retribution on the families of two of the kidnappers, who were also Kabyle Berbers.

Rabin and Arafat prize

Mr Yitzhak Rabin, Israeli prime minister and Mr Yassir Arafat, chairman of the Palestine Liberation Organisation, will be awarded the Nobel Peace Prize for 1994 for their landmark Middle East peace accord, Aftenposten, Norway's leading daily newspaper reported yesterday, Karen Fossli writes from Oslo. According to the report, the decision has split the Nobel Committee and on Friday when the announcement is due to be made, Mr Kaare Kristiansen, a pro-Israeli member of the committee, will resign in protest at the decision.

See Editorial Comment

Inflation 'will stay China's big headache'

By Tony Walker in Beijing

China's economy is headed for a "soft landing" in 1995, but inflation is likely to remain the country's biggest headache, according to a joint report by the State Statistical Bureau and the Academy of Social Sciences.

The autboritative study, based on the first eight months of this year, forecast inflation for 1994 at 19.5 per cent and GDP growth at 11.5 per cent, compared with a planning target of 9 per cent.

The study predicted what it described as a "smooth slowdown" next year, with growth of 10 per cent and inflation of 13 per cent. The report said that most economic indicators had been "getting nearer" government projections.

Economiats had expressed fears that Beijing's attempts to curb monetary growth and impose tighter credit ceilings risked severe retrenchment, but GDP trends indicate that the economy is continuing to grow strongly.

China registered average GDP growth in the past two years of 13 per cent and this contributed to overheating and inflation, partly fuelled by a capital spending boom.

The study said that apart from inflation, China'a "prominent problems" included excessive investment in fixed assets, poor performance of eome state-owned enterprises, relatively low growth in the agricultural sector, and a development gap between regions.

Consumer prices in China'e 35 biggest cities surged by 27.1 per cent in August compared with the same month last year. China's leaders have made fighting inflation their main priority, and have instituted price controls on basic foodstuffs and services.

The survey predicted China's trade deficit would narrow this year, with exports of $115bn (£76.6bn) and imports of $120bn, compared with a deficit last year of about $10.4bn. The manufacturing sector would ahow strongest growth this year of 16 per cent, with services growing by 10 per cent and agriculture 3 per cent.

Vietnam's dollar ban confuses investors

Hanoi move to end parallel money halts hard currency spending, writes a correspondent

Sweeping regulations outlawing the use of the US dollar in most transactions in Vietnam and favouring the local currency, the dong, appear to have dealt a psychological blow to investors who have depended on foreign currency revenues for profits.

The new rules have been announced by the prime minister but left to the central bank, known as the State Bank, to implement. Under them, hotels, airlines, taxis and shops are, as of October 1, no longer allowed to advertise prices in dollars and will only accept payment in the not freely convertible dong.

The measure also requires Vietnamese organisations to channel their hard currency earnings through banks, rather than holding cash. Already in the capital Hanoi and the south's Ho Chi Minh City, mini foreign exchange counters have sprouted in hotels and restaurants, where tourists and business people must exchange dollars for the local unit to pay bills increasingly made out in dong.

Foreign investors are confused as to precisely how the rules will be enforced and are worried about the effect it may have on investor confidence.

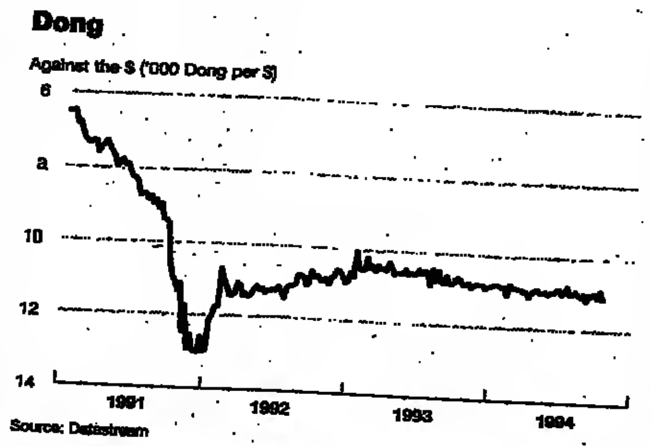
Their biggest problem is working out how, under the rules, projects whose earnings projections depend on dollar revenues will survive in an environment where revenues are now earned in a currency which is impossible to repatriate.

"At the moment people won't spend (hard currency) money until the position is clarified," said Bill Magennis, chief representative of Australian law firm Phillips Fox.

The move in effect wipes out foreign companies' ability to receive earnings in dollars and therefore to meet hard currency obligations abroad. Indications from the State Bank are that clarifying guidelines will soon be issued, possibly listing some exemptions. But until this is clearer, the mood among foreign investors is likely to remain one of concern.

"Unless you can get some sort of counter trade sorted out, you're going to be stuck with profits in a non-convertible currency," said Tony Foster, resident partner of London-based law firm Freshfields.

"You've got no assurance that you can get your money out of the coontry." There are also fears the move may drive the currency underground. "Everyone's going to get dollars wherever they can and that's going to create a black market," Mr Foster added.



There are a few exceptions under the 1992 Law on Foreign Investment, which allows for exporters, infrastructure investors and certain import substitution projects freely to convert dong earnings into hard currency. But since Vietnam opened up to foreign investors in the late 1980s, the greenback has been the currency of choice for most transactions, with business people and tourists preferring to pay in dollars rather than unwieldy bundles of dong.

Now, everything from restaurant meals to purchases of foreign-made machinery for investment projects will have to be made in dong. Although the local unit has in the last two years stabilised against tha dollars at around 11,000 dong to the dollar, the highest denomination note is 50,000 dong.

Policymakers are hoping the move will dampen inflation, which rose an alarming 1.6 per cent in September from the previous month, endangering the government's target of single-figure inflation for the whole year. Inflation in the first nine months was 9.9 per cent, government statistics show.

Hanoi signalled its determination to eliminata tha dual currency system in statements earlier this year, aiming to siphon an estimated $800m in dollar bills in circulation into the banking system and curb the growth of a "shadow" economy in a country of 72m people.

Vietnam is particularly keen to ensure that roughly 300 Vietnamese enterprises that trade primarily in dollars will in future channel their hard currency through the banking system.

"Dollars are now the means of payment in the shadow economy," said one Vietnamese economist and top government planner. "But by circulating $800m in Vietnam, Hanoi is providing Washington with $800m credit without interest. The regulation is necessary because we need to get this into the banking system."

Hanoi has also launched a modest domestic bond sales programme targeted at local Vietnamese, with the aim of coaxing an estimated $2bn in gold and dollars currently stockpiled in people's homes. The idea is to try to shore up foreign exchange reserves and attract more overseas loan for development.

Foreign investors – particularly in the hotels sector – are likely to be keen to aeek exemptions from the ruling so that they will be able to convert their dong earnings into dollars. It is understood that the State Bank has set a deadline of the end of this month by which applications should be made.

According to one State Bank official, they may receive a sympathetic hearing. "In principle, the State Bank says this is all right, but there will have to be guidelines published detailing exactly how far this goes," he said.

Foreign bankers generally welcomed the move as a way of removing the parallel currency system, but pinned the chances of success on how the rules are enforced.

"I think that in the long term, it's a good move," said one Hanoi-based banker. "It actively encourages some bona fide transactions to go through the banking system. Certainly, the intention is not to scare away foreign investors. But the way the transition is managed will be crucial."

Japanese companies buy more machinery

By William Dawkins in Tokyo

Japanese companies bought more machinery in August for the third month running, the latest evidence that the decline in capital spending has bottomed out.

A 7.1 per cent rise in machinery orders from the same month last year shows machinery purchases could grow 4.7 per cent from the second to the and third quarter of this year, the government's Economic Planning Agency said. But Mr Ryutaro Hashimoto, international trade and industry minister, cautioned yesterday on the strength of capital investment recovery.

A slow pick-up in capital investment, especially for small and medium businesses, figured among several worries over the slowness of Japan's economic recovery, he said. He feared small business output would revive more slowly than in previous recoveries, and reductions in unsold stocks and materials were "stumbling". The yen's continuing strength was a worry for small businesses, Mr Hashimoto told the parliament's budget committee.

The recent growth in machinery orders, a leading indicator for overall capital investment, has been driven mainly by exports and the public sector, according to James Capel Pacific. The figures exclude shipbuilding and electric power utilities.

Honda to manufacture car parts in China

By Michiyo Nakamoto in Tokyo

Honda, the vehicle maker, yesterday became the first Japanese company to announce it would set up a joint venture to make car parts in China.

Honda said that it had reached agreement with Dong Feng Motor to produce cast and forged parts.

The deal is in line with Chinese government policy to develop the country's car parts industry and encourage foreign investments that will bring technology to China.

Honda will establish a joint venture called Dong Feng Honda Automobile Parts to be equally owned by Honda and its Chinese partner. The company will invest $20m to build a new plant in Guangdong province in the southern part of China.

The company will start producing parts in early 1996, which will be exported to Honda's Asian vehicle production facilities. The initial production target of parts for 50,000 cars in 1996 is expected to rise to 150,000 by the year 2000.

Honda said that its decision to invest in parts production in China stemmed from a desire to be in a growing market rather than from a need to combat the impact of the yen's sharp appreciation. Although parts made in China will replace those made in Japan and exported to its other Asian facilities, the investment required will mean that initially costs will rise.

Honda already has four joint ventures in China, but this is its first venture in the car sector. The others are in the motorcycle and power equipment sectors.

Beijing has signalled its intention to strengthen the components sector, a weak link in its vehicle-building industry.

Foreign car companies such as Ford, General Motors and Toyota have been told that to "qualify" for entry to China as fully-fledged participants in passenger car manufacturing they must first invest in the components industry.

Japanese companies are willing to go along with the policy in order to win entry into a highly promising market. Toyota, for example, is also in talks over the possibility of setting up a joint venture to manufacture car parts.

Toyota has held discussions with Tianjin Automobile Industry, a partner of Daihatsu in the production of the Charade small car and minibuses. Toyota has a 16 per cent stake in Daihatsu.

According to Japanese press reports, Toyota hopes by the end of this year to start building a factory near Tianjin to produce engines, transmissions and other main components for cars that would be sold domestically.

Beijing eyes twin markets of $150bn

By Tony Walker in Beijing

China aims to export $150bn worth of electronics and machinery annually by early next century under an ambitious three-phase plan aimed at securing a substantial share of the world market.

"Expanding exports is the key to the development of China's machinery and electronics industries," the official China Daily newspaper quoted an official of the Ministry of Machinery Industry as saying.

Exports of machinery and electronics are expected to reach $26bn this year, an increase of $3.3bn or 14.5 per cent over last year's figure of $22.7bn.

China has targeted the machine-building and electronics sectors as offering the best options for rapid export growth. These are also areas of the economy in which foreign investors are active.

Taiwanese, Hong Kong, Japanese and South Korean companies are investing heavily in consumer electronics. Taiwanese manufacturers, for example, have transferred to the mainland the manufacture of basic items such as computer keyboards and disc drives. Pocket calculators are another item that is being manufactured in increasing numbers in China for export.

China plans to increase exports of electronics and machinery to $30bn by 1995, $60bn by 2000, and to exceed $100bn by the early part of the next century, according to the three-phase plan. In 1993, exports of these items accounted for 30 per cent of total exports of $86.3bn.

Exports of all manufactured items grew from 49.8 per cent of China's total exports in 1980 to 78.5 per cent in 1993. Export growth for these items reached 9.6 per cent in 1993 compared with the previous year.

China's coastal provinces have the lion's share of machinery and electronics exports with Guangdong province dominant. Guangdong's exports last year accounted for 62.1 per cent of the total, reflecting a surge of Taiwan and Hong Kong investment.

China's export drive in products known as elaborately transformed manufactures (ETMs), reflects a desire to become more competitive in both world and domestic markets. This also coincides with Beijing's moves to re-enter the General Agreement on Tariffs and Trade.

"Only when Chinese companies can compete on the world market can they keep a lock on the domestic market," said an official quoted by China Daily.

"If domestic companies dare not enter the world market, they will almost certainly lose the home one," he said.

● A senior US trade negotiator yesterday said China must make much faster progress and be more flexible if it is to meet its goal of entering Gatt by the end of the year. Ms Charlene Barshefsky, the deputy US trade representative, said in Beijing: "If it is to realise its accession or completion of negotiations by December 31st 1994, we would suggest China put its foot on the Gatt pedal." Talks on China's accession to Gatt have been continuing in Geneva for several weeks.

Electrolux, Swedish producer of household products, plans to invest $100m in China over three years.

Mr Leif Johansson, president of Electrolux, said in Beijing yesterday the company was also planning to establish a holding company in China to oversee its operations, expected to include "five to 10" joint ventures by the end of the century. Electrolux's new ventures include a vacuum cleaner plant in Tianjin, east of Beijing, and a water purification project with Beijing Yadu Enterprises Development. The company has invested $25m in a refrigerator compressor factory in Tianjin, which is producing 1m units annually. Mr Johansson said Electrolux planned to double its $1bn worth of sales in Asia by the year 2000.

Free zone at centre of Turk trading hopes

Eric Watkins visits a site well placed for new emerging markets

Cases of galvanised steel, piles of aluminium ingots, and crates of electric fans testify to the growing importance of the Turkish city of Trabzon as a free trade zone.

Located at the south-east corner of the Black Sea, Trabzon is well placed as a centre for trade with the newly emerging markets of the former Soviet Union.

"The fall of the Soviet Union has in fact played a crucial part in our new-found success," says Mr Alaattin Yuksel, governor of the region. "Trabzon's historic role as a key centre of east-west trade ended temporarily when the communists closed off the main trading routes.... Those routes can [now] be reopened and trade resumed, much to our benefit," he says.

Some of those benefits have already become apparent, especially through the growing influx of former Soviet citizens clamouring to buy Turkish goods for re-sale at home. According to Mr Yuksel, Trabzon last year had more than 750,000 visitors from the former Soviet Union, most of them on day trips via the Black Sea resort of Sochi.

But the Turkish government envisions even greater benefits from Trabzon's free trade zone, one of five in the country. Established in June 1992, the free trade zone is owned and managed by Transhas Trabzone Serbest Bolge Isleticisi, a joint venture between the Turkish government's Maritime Corporation, the UK's Balli Group, and the Marubeni Corporation of Japan.

The zone occupies 16 acres of the port area and offers 5,500 sq m of warehouse space in the first phase of its development. Two further phases are planned that will see warehouse facilities doubled to 11,000 sq m, including 1,500 sq m of cold storage facilities. Further developments will consist of storage tanks for chemicals and edible oils, as well as grain silos and bagging facilities for sugar and fertilisers.

Current facilities in the port consist of seven quays, with a capacity of 2,000 ships a year and a modern container terminal. Cargo handling is, according to the port authorities, provided on a two-shift basis for 17 hours a day while pilotage is available 24 hours a day. Onward delivery by road is handled by local operators with up to 1,500 trucks available monthly, depending on seasonal demand.

Trabzon's free trade zone has so far relied exclusively on sea and road transport. There are plans to link in the local airport as well. But even without use of the airport facilities, trade through the free zone has boomed. Indeed, in dollar terms, the total volume of trade has increased nearly five-fold in just more than two years of operations.

"The volume of trade for the first six months this year alone equalled last year's and we expect to repeat that performance in the next six months," says Mr Kerim Kalafatoglu, chief executive officer of Cey International Trading, a firm which trades within the zone. "Location is a primary asset, especially with the emerging markets in central Asia."

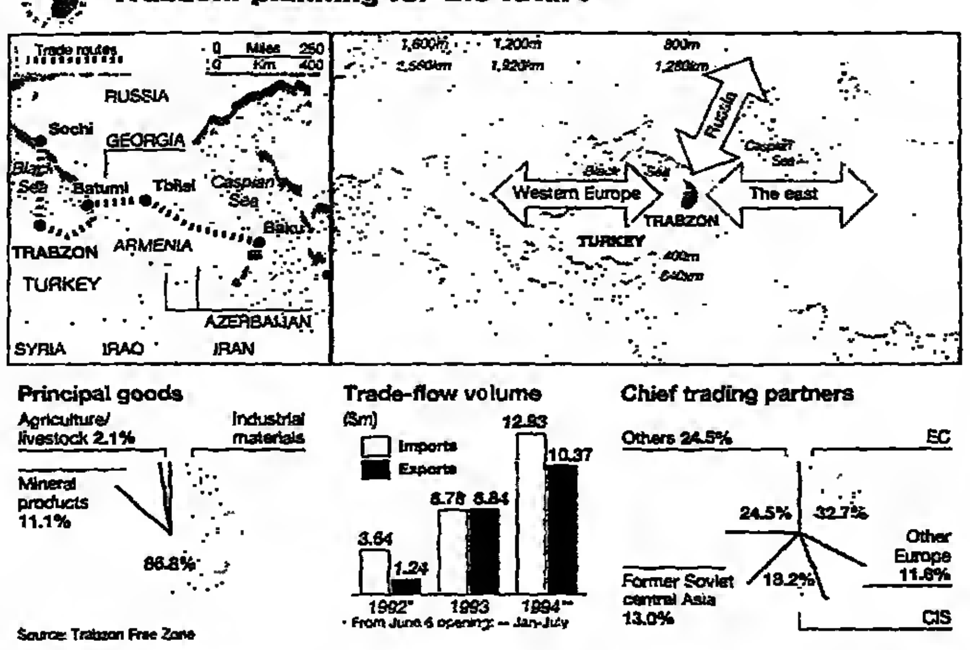
To capitalise on those markets Turkish businessmen are aiming to establish further free trade zones in neighbouring countries and to link them with Trabzon by road transport. The Ulusoy group, predominant in Turkish long-haul trucking, but also with interests in oil and insurance, have already begun negotiations for such zones in Batumi, Tiblisi, and Baku. Their aim, ultimately, is to use the linkages as a trade corridor with the central Asian republics, oil-rich Kazakhstan in particular.

So far the bulk of trade through the Trabzon free zone has been from the west with European countries supplying nearly 45 per cent of the goods passing through the port. Much of that trade has involved industrial materials and such traffic is expected to increase substantially as developments associated with oil take off in nearby Azerbaijan and Kazakhstan. Authorities in Trabzon's free zone hope that such developments will stimulate an increased flow of trade from the east.

But Turkish ambitions do not end there. "The Turks," says a local businessman, "remember the days of their empire and are seeking to re-establish their presence through trade in all directions of historic interest whether in central Asia, the Middle East or North Africa".

"Watch and you will see. The Turks are on the move and Trabzon plays a key role in their plans."

Trabzon: planning for the future



Source: Trabzon Free Zone

Japanese company to produce 64-megabit memory chip in US

NEC plans $50m investment in California semiconductor plant

By Michiyo Nakamoto in Tokyo

NEC, the Japanese electronics group, yesterday announced it would invest $50m in its semiconductor manufacturing facility in California, becoming the first company to mass produce next generation 64-megabit chips in the US.

NEC also revised upwards its planned 1994-5 capital investment in semiconductors by Y15bn ($153.1m). This would bring total investment in semiconductor facilities in the year to March 1995 to Y125bn. This represents a 39 per cent increase from the initial plan to invest Y90bn in semiconductor facilities this year.

The decision to increase investments in semiconductor manufacturing facilities follows last month's announcement of an $800m investment in the company's semiconductor manufacturing facility in Scotland for increased memory chip production.

"I am optimistic about the future D-Ram (dynamic random access memory) market," says Mr Hajime Sasaki, senior executive vice president in charge of the semiconductor business.

In Japan, the video games and computer printer industries are providing a strong demand for semiconductors as the advanced products coming to the market require a larger memory.

The emerging multimedia market, with personal computers increasingly using CD-Roms (small plastic discs on which vast amounts of information can be stored and retrieved) for incorporating video images, is also supporting buoyant demand for memories. Mr Sasaki said last month that there is a 20 per cent worldwide shortfall in memory chips.

NEC's investment at its Roseville plant in California, where it manufactures current generation 4-megabit and 16-megabit D-Rams will go towards upgrading existing facilities.

Although Roseville is acknowledged to be one of the company's most successful plants, it lost out to the Livingston plant for the more substantial investment of $800m.

NEC's decision to manufacture 64-megabit D-Rams, which are expected to come into production around 1997, stems from the need for customers to secure stable supply and flexibility, Mr Sasaki said.

Other new investments, making up the Y15bn increase in capital spending, will be at four of its manufacturing facilities in Japan and facilities in Malaysia and Singapore.

A strong increase in sales has lent support to NEC's increased investment plans. In the first half of the current fiscal year, NEC's semiconductor production value increased 11 per cent from Y395bn to Y440bn, the company said yesterday. This was also a Y5bn increase from NEC's original estimate for the year.

NEC expects full year shipments of semiconductors to increase by 12 per cent to Y910bn from a previous Y810bn.

The company maintains an even more bullish outlook for its semiconductor sales in the year to March 1996 when it expects sales to at least top Y1,000bn for the first time.

Japanese chip companies are eager not to slip behind their US competitors' expansion in capacity.

NEC last year lost its position as the world's top semiconductor producer in dollar sales terms to Intel of the US, a symbolic blow which it intends to redress.

WORLD TRADE DIGEST

European court hears trade case

Member states of the European Union and the European Commission yesterday came before judges at the European Court of Justice for a crucial case, the outcome of which should allow the EU to ratify the Uruguay Round trade accord before the January 1 1995 deadline.

The commission asked the court for its opinion after a disagreement with member states over who has the power to negotiate in certain trade areas – such as transport, services, and intellectual property rights. The commission has argued it should ratify the Uruguay Round, under those articles of the Rome and Maastricht treaties that give it exclusive authority to negotiate on trade. But member states yesterday argued there was a limit as to how far the commission could claim to have exclusive competence in these areas.

The judges are expected to give their opinion on the legal basis for ratification on November 15. *Emma Tucker, Luxembourg*

Price-setting deal under attack

European exporters' organisations have threatened legal action against the European Commission if it does not take move quickly against a shipowners' agreement to set prices across the north Atlantic. The British and French Shippers' Councils have written to the commission's competition directorate – DG4 – demanding measures to outlaw the Trans-Atlantic Agreement (TAA). The shippers are worried that unless action is taken soon, the TAA will go into its third year and exporters will face price rises of 15 per cent on cargoes crossing the north Atlantic.

The TAA is a "conference" or agreement between 15 large shipping lines accounting for about 85 per cent of sailings between northern Europe and the US, to regulate both rates and capacity. It was introduced to stem losses by shipping lines, and its members include many large container shipping lines such as P&A, Nedlloyd and Maersk.

The European Commission has issued a temporary judgment objecting to the TAA, but shippers are now pressing for a final ruling. They also want a decision to outlaw a compromise agreement, the Trans-Atlantic Conference Agreement, proposed by the shipowners in July.

The TAA is understood to be relaxed about the threat of legal action from the shippers, saying that it would take similar steps if it was unhappy with the commission decision. *Charles Batchelor, Transport Correspondent*

Building begins on pipeline

Building work for the Maghreb Europe Pipeline (GME) was launched yesterday at a ceremony on the Algerian-Moroccan border, attended by the energy ministers of Algeria, Morocco, Spain and Portugal. When it is completed in mid-1996, the GME will add some 7.2bn cubic metres to the annual pipeline export capacity of Sonatrach, Algeria's state oil and gas company. Contractors for the pipeline include the US company Bechtel, for the Algerian section; EMPL, a subsidiary of the leading Spanish gas utility; Enagas for the Moroccan section and Italy's Saipem for the submarine section. *Francis Ghilès, Paris*

Contracts

■ Deutsche Babcock, the German engineering group, has won a DM150m ($97.4m) contract to modernise a Romananian brown coal fired power station. Deutsche ABB, the German arm of the Swiss-Swedish engineering group, will pick up DM60m of the contract, which is being funded by a loan from the Kreditanstalt für Wiederaufbau, the state-owned bank which finances export contracts. The two German companies will overhaul two 330MW blocks at the Turceni power station, a process expected to last about two years. Some of the work will be done by ABB Energoreparatii Romania, the group's Romanian subsidiary. In 1991 Deutsche Babcock signed a contract to clean 11 power station blocks at Turceni and Rovinari. *Michael Lindemann, Bonn*

■ British van maker LDV launched 18 months ago after the collapse of Leyland Daf, will export kits of its 400 series range of vehicles to Poland. They will be assembled by Polish manufacturer Andoria, fitting their diesel engines to the vans at their plant in Andrychow. The deal comes on stream over the next few months, with sales rising to 1,000 kits in a full year. *Press Association, London*

■ Ericsson and Raychem have formed a joint venture to develop, make and market fibre-optic communications systems for telephone access networks worldwide. The joint venture, Ericsson Raynet, will take over the operations of Raynet, previously a Raychem subsidiary. *Reuter, California*

■ Motor Wheel, a vehicle wheel and brake maker, will enter a joint venture with Nissan Trading of Japan, a unit of Nissan Motor, to make brake components and flywheels. The business will be located in Monterrey, Mexico, and will be called Motor Wheel de Mexico. *Reuter, Lansing, Michigan*

■ General Electric of the US has received approval from the Chinese government to form a holding company in Shanghai to act as an investment vehicle for GE projects in China. The holding company will also provide services to GE's joint ventures and affiliates, which will include currency management, marketing, purchasing and after-sales support. *Reuter, Beijing*

■ Canadian Occidental Petroleum hopes to sign a production-sharing agreement with state-owned PetroVietnam next month to explore a Vietnamese offshore block relinquished by state-owned PetroCanada. Canadian Occidental signed a memorandum of understanding last May to explore block 12-West, also known as 12-1A, east of Vung Tau. *Reuter, Hanoi*

■ Federal Express of the US has signed an air operating agreement with the Subic Bay Metropolitan Authority in Manila. Fedex is scheduled to start operating from Subic Bay, a former US naval base, by the second quarter of 1995. Fedex will pay $1.65m annually until 2002 for airport use, landing fees, parking fees, and rental of building and office spaces inside Subic. *Reuter, Manila*

■ Guinness has signed an agreement with Sri Lanka's Ceylon Brewery Ltd to brew and market Guinness beer in Sri Lanka. Ceylon Brewery already brews and markets Carlsberg A/a products. *Reuter, Colombo*

■ San Miguel, together with its Japanese partners Yamamura Glass and Fuso Machine and Mould Manufacturing, has started operations of its glass container moulds manufacturing plant in Cavite, south of Manila. The 150m pesos project is being undertaken by its new joint venture company, SMC Yamamura Fuso Moulds. *AP-DJ, Manila*

NEWS: THE AMERICAS

Solace is discovered on distant shores

Jurek Martin finds President Clinton enjoying foreign policy success – for now

Not for the first time, a US president in domestic trouble has found temporary solace in foreign policy. For Mr Bill Clinton, the change may be bittersweet, but the sudden absence of serious criticism about his conduct of external affairs is worth savouring when his social reform programme at home lies in partial ruins.

On Monday night, ha was able to go on national television and to exude confidence and resolve on two difficult fronts. Iraq's "reckless provocation" in the Gulf would be faced down by US military might and Haiti's military regime would keep its commitment not only to relinquish power but also to go into exile.

Mr Clinton was careful also to note the recent successful visits to the US by President Boris Yeltsin of Russia and President Nelson Mandela of South Africa. Ha could well have added the announcement in Washington last week of progress in negotiations between Israel and Jordan, and the current mission of his secretary of state, Mr Warren Christopher, to Syria.

If he had felt very bold, or mischievous, the president might also have mentioned the cessation of violence in Northern Ireland in the wake of US initiatives. He could even hava taken satisfaction in the defusing of trade conflict with Japan.

Mr Clinton himself, who had cancelled a Monday campaign trip to New Jersey to tend to the Gulf, was able to leave for Michigan yesterday to raise funds for Democratic party candidates.

But the word from the White House – with Mr Leon Panetta, the chief of staff, now more firmly in control – was to keep talk of any political benefit in tha mid-term US alections early next month to a minimum. "We'll leave that to the pundits," one anonymous official said.

That caution is probably well advised. The current public mood does not look kindly on foreign entanglements, though President Saddam Hussein of Iraq is enough of a popular villain after the 1991 Gulf war to be considered a special case. There may be admiration for the role by US troops in Haiti, but the US occupation is still viewed at homa with much scepticism.

History also suggests, as Mr Kevin Phillips pointed out in a recent edition of his newsletter, American Political Report, that, although foreign "October surprises" may influence presidential elections, they have much less impact on the mid-term contests.

The only clear exception was the resolution of the Cuban missile crisis in late October 1962, whieb cut projected heavy Democratic losses to only four seats in the House of Representatives, offset by a gain of two in the Senate. Mr Clinton would give his political eye-teeth for such an outcome on November 8.

More telling: the Camp David agreement on the Middle East, in September 1978, lifted President Jimmy Carter's standing in the opinion polls by 10-16 points, but most of that had faded by the following November, when the Democrats incurred losses. The US troop build-up in the Gulf in the autumn of 1990, after the Iraqi invasion of Kuwait was, to the US electorate, both controversial at the time and, in any case, overshadowed by poor economic news.

However, Mr Clinton and the Democrats can take momentary consolation from the fact that the Republican party assault on the foreign policy front has been silenced, for now. Former officials of the Bush administration, including Mr Laurence Eagleburger, once a caustic secretary of state, heve commended the president's resolve in the Gulf.

Mr Dick Cheney, ex-defence secretary, merely added the barb that it did not look likely that Mr Clinton would have to send Mr Carter to Baghdad to negotiate.

Criticism has emanated from the wilder shores. Mr Ross Perot, the 1992 independent presidential candidate who is urging his supporters to vote Repoblican on November 8, naturally thought the Gulf confrontation a put-up job to save Mr Clinton's skin.

Mr Oliver North, Republican candidate for the US senate in Virginia, announced that Mr Clinton was not "my commander-in-chief", and charged that he had eviscerated US defence capability and thus encouraged Saddam Hussein. This caused embarrassment to Senator Phil Gramm, a Republican from Texas, who was at Mr North's side.

Local pundits thought he might have made his first serious campaign mistake therehy. He certainly provided scope yesterday for Vice-President Al Gore, who called Mr North's statements "unpatriotic and despicable", and said he was "giving aid and comfort to a foreign dictator".

The irony of Mr Clinton as an international tough guy, a role he did not come to office intent on playing, is not lost on the US public, but the transformation has won grudging approval in Washington. Both tha state and defence departments, the object of much virulent criticism for nearly two years, suddenly seem in much surer hands, with rumours of more changes at the top quiet for now.

During one month, Mr Clinton has twice dispatched substantial US military contingeots overseas. In Haiti, this may have been the only available alternative after much agony over policy – and at least the occupation was achieved with few guns blazing – but in the Gulf the second thoughts that have often seemed to paralyse his administration have not been in evidence.

Both missions could yet become messy, as happened in Somalia. The Gulf engagement, in particular, raises longer-term problems about how best to contain Mr Saddam if the Iraqis themselves cannot dispose of him. Still, for a beleaguered president, these may seem manageable after what happened to his ambitious domestic programmes.

Still unconvinced: Oliver North spurns Clinton as commander AP

US launches probe into car pricing policies

By George Graham in Washington

The US Department of Justice has launched an inquiry into pricing practices in the car industry.

Government anti-trust lawyers have asked the National Automobile Dealers' Association and several of its officers for information on the practice of no-haggle pricing.

Following the successful example of GM's Saturn subsidiary, many dealers have started to publish firm prices instead of following the traditional practice of publishing an unrealistically high label price, and negotiating discounts.

Some have also adopted the practice of "value-pricing", in which they sell some popular models with a package of normally optional extras at a single low recommended price.

But the Justice Department request for information spreads beyond pricing, and could herald a broad investigation of dealership arrangements in the industry.

None of the big carmakers has yet been contacted by the Justice Department, but all were asked to provide information earlier this summer for an investigation into their relationships with car hire companies. That investigation sppeared to focus on whether carmakers had cut back sales of heavily discounted vehicles to independent hire companies.

Ford owns Hertz and an interest in Budget, while Chrysler owns the Dollar and Thrifty companies. GM is in the process of selling its stake in National Car Rental.

The US industry experienced years of relatively lax anti-trust enforcement in the Reagan and Bush administrations, which limited their challenges, for the most part, to cartel behaviour and horizontal mergers between competitors. However, the Clinton administration has shown more interest in vertical arrangements – either mergers between supplier and customer or contractual arrangements such as minimum resale price agreements which could raise prices for the consumers.

Both Ms Anne Bingaman, the Justice Department's assistant attorney general in charge of anti-trust, and Mr Robert Pitofsky, recently nominated to head the Federal Trade Commission, have expressed interest in reviving the enforcement of anti-trust laws against vertical arrangements.

US machine tool 'opportunity'

By Andrew Baxter

The US machine tool industry, in steep decline for more than a decade, has an opportunity to recapture a significant share of the global market it used to dominate, according to a report published yesterday by the California-based Rand research institution.

Machine tool builders in the US are benefiting by a strong surge in demand, technological advances and corporate restructuring, along with setbacks to rivals in Japan and Germany, says Rand's Critical Technologies Institute.

The \$4bn (£2.5bn) US industry is relatively small and fragmented, but is strategically important.

"A weak domestic industry means that the US risks losing access to the latest manufacturing technologies," says the report.

The US accounted for about 19 per cent of world machine tool production in 1981. However, by 1992, its share had slipped to about 8 per cent and its position in the industry from first to a distant fourth behind Japan, Germany and Italy.

In 1992, concerned by the US producers' collapse, Congress directed Rand to produce the report. It says Japanese producers filled orders more quickly with cheaper, more reliable products when US demand picked np after the 1981-83 recession.

In contrast, the US industry failed to rebound for various reasons. These included a lack of enough big producers, weak export capacity, and poor performance in the translating of technological research into market advantage.

Many of these barriers remained but recent developments suggested a brighter future. In particular, domestic demand rose 25 per cent last year.

The report suggests the US government could foster development of local co-operative networks among small and medium-sized machine tool makers and users, invest in the manufacturing infrastructure so as to bolster the translation of research leadership into a production edge, and help US machine tool builders compete internationally.

The Decline of the US Machine Tool Industry and Prospects for its Sustainable Recovery: Vol 1; from Rand's Distribution Services, PO Box 2138, Santa Monica, CA, USA 90407-2138; \$28 including appendices.

Violence increases in Guatemala

By Edward Orlebar in Guatemala City

Violence and human right abuses in Gnatemala have increased greatly in recent months, despite the imminent arrival of a UN human rights monitoring mission, observers say.

Fighting has been intensified between government forces and left-wing guerrillas of the Guatemalan National Revolutionary Unity, who are due to restart stalled peace talks this month.

Mr Ronald Ochaeta, director of the Catholic Church's local human rights office, says there were 180 killings in August, at least 35 of them politically motivated, making it the worst month since the office opened five years ago.

The UN mission is expected to begin operating early next month, more than seven months after the two sides signed an agreement calling for the immediate installation of such a mission.

The UN, which is mediating at the talks, had promised a mission in three months, but has dragged its feet, citing bureaucratic problems in approving finance. Diplomats say that UN officials have been reluctant to commit themselves to a mission while there was still armed conflict, despite making promises at the negotiating table. "We have to question the UN seriously," said Mr Ochaeta. "To a certain extent, the UN is responsible for what is happening at the moment."

The guerrillas announced in early August that they were suspending talks because the government had failed to comply with the human rights accord signed at the end of March. In that, the government agreed that the army would stop pressing indigenous youths into its ranks, cease threats against popular leaders and human rights activists, and try to reduce the levels of violence.

But local human rights monitors say they have many complaints of forced recruitment in recent months, while threats and violence have continued unabated. The guerrillas have also violated the agreement, recruiting under-age people and attacking civilian installations.

The guerrillas were pushed by the international community into signing an agreement in Oslo in June on setting up a commission to investigate war crimes during the 33-year conflict. The commission's mandate falls short of naming individuals who have committed atrocities, and will have no legal recourse.

NEWS: UK

United ends Glasgow air service

By James Buxton, Scottish Correspondent

United Airlines is to withdraw its daily service between Glasgow and Washington DC at the end of November only 18 months after it was launched. It is the third airline in three months to announce the withdrawal or curtailment of transatlantic flights from Scotland.

United said it was losing money on the route and wanted to redeploy its aircraft in more profitable markets. It said it had achieved high peak-season load factors, but yields were low because of the severe shortage of passengers paying premium fares. It sells fewer than two business class seats a day in Scotland and five in the US.

The departure of United Airlines will leave only British Airways flying all through the year from Glasgow to the US. Later this month Northwest Airlines will cease its daily Glasgow-Boston service after 14 years, and American Airlines is to operate its daily Glasgow-Chicago service in the summer only, ending its all-year service on November 2.

The airlines' decisions are a serious blow to long-running efforts by BAA, which runs Glasgow airport, and the development body Scottish Enterprise to attract transatlantic services to Glasgow. It was felt direct flights would benefit Scottish consumers and make it easier to attract US companies to open plants in Scotland.

United complained yesterday that too many Scots preferred to fly to the US via London or Continental airports. Mr David Coltman, vice-president for transatlantic services, added: "Scottish business travellers are very cost-conscious. They will put up with restrictions such as staying over a weekend in order to get a lower fare."

Manchester airport is also seeing a reduction in long-haul services this winter, with BA ending flights to Los Angeles and American Airlines making its New York service summer only. South African Airlines is ceasing to fly from Manchester to Johannesburg.

BA is increasing flights from Glasgow to New York from four a week to five from January and adding Boston to the route. The flights are operated by its subsidiary British Airways Regional which pays its cabin crew less than the parent company.

United is also withdrawing feeder services linking Geneva and Athens with Paris.

Jury told of £1.36m passport 'racket'

A barrister and a solicitor ran a multi-million-dollar passport racket preying on the fears of wealthy Hong Kong residents desperate to leave before China's 1997 takeover, a court heard yesterday.

Numerous documents were forged and the Home Office "fooled" repeatedly, Southwark Crown Court was told.

For nearly three years Mr James Walker, a solicitor, and barrister Mr Paul Samrai got away with the "scam" which enabled dozens of people to get the right to live in Britain, said Mr Brendon Finucane, prosecuting.

He alleged that altogether the men's company, charging about £40,000 for each application, made a total of £1.36m, most of which was obtained illegally.

Mr Finucane told the jury that Mr Samrai and Mr Walker – the only one before the court – and others, set up a Hong Kong-based operation.

Mr Samrai saw customers in the colony and then forwarded often false documentation to Mr Walker in Britain.

Once they reached the solicitor's office at a London law firm Mr Walker signed them knowing many were bogus, claimed Mr Finucane.

Trading on the "trust and integrity" his profession attracted, he then submitted them to an "overworked" Home Office immigration department as part of applications for "right of abode" in Britain or "indefinite leave to remain".

Counsel claimed "certificates of entitlement" were subsequently issued.

Mr Finucane told the court that Mr Samrai and Mr Walker set up the business initially without any dishonest intentions. The case continues

Race bias alleged in choice of employees

By Richard Donkin, Labour Staff

A study of racial discrimination in job recruitment in Nottingham has found the chances of getting an interview were twice as high among white applicants than among black or Asian candidates.

The study by the Nottingham and District Racial Equality Council submitted three fictitious applications for each of 281 job vacancies. The candidates, one white, one black and one Asian, were evenly matched in terms of job experience, qualifications, age and sex.

In the 38 cases where only one applicant was offered an interview, 30 of the employers picked the white applicant, five chose the Asian, and one chose the black candidate.

In another case letters of application were sent to well-known insurance company seeking a sale representative.

The white job-seeker received an application form on the first day of the month asking him to contact the company for the interview. The other two applicants did not receive the form until the 11th of the next month, a full six weeks after the white applicant. There was no offer of an interview with the forms. The company described itself as an equal-opportunity employer.

The study was repeating a similar exercise carried out in 1981. That study found discrimination against black and Asian candidates in half the jobs that were tested.

Reporting the findings of the latest study, Ms Greta Sohoye, who chairs Nottingham and District Racial Equality Council, said: "What we found is as disturbing as it was in 1981. Employers appear to have learnt little from previous initiatives."

Mr Herman Ouseley, CRE chairman, said it was frustrating that 13 years of work with employers, unions and other organisations had not had greater impact on reducing the levels of discrimination.

Competing for the forecourt

Robert Corzine and **Neil Buckley** on the petrol station price war

In a new television advertisement, the engine leaps out of a car, zooms to the nearest BP garage and fills itself with petrol.

The message of the advert – devised by Mr Joe Johnston, the Hollywood film director of *Honey I Shrunk the Kids* fame – is clear: BP stations are the best places to buy petrol, and the cheapest.

As it was launched, Mr Rolf Stomberg, chief executive of BP Oil Europe, was quoted as saying he was "fed up with the growth in [petrol sales] by hypermarkets and the erosion of our market share. We are taking them on." BP's promise to match supermarket petrol prices is the latest skirmish in a long battle between the big oil companies and supermarket chains.

Since the late 1980s, large retailers such as Sainsbury, Safeway, Tesco and Asda have opened more than 500 supermarket filling stations. Although they account for only a fraction of the total of 19,000 petrol stations in the UK, supermarket filling stations have increased their volume share of the retail petrol market from 6 per cent to almost 20 per cent within the last three years, by selling at a discount.

But the likelihood of a protracted price war in the UK is small. Many in the industry doubt that BP will be able to halt erosion of its market share for long. "Supermarket prices will always be below those of the major brands," said one industry observer. "They are trying to stop the unstoppable."

Supermarkets have a number of advantages over the oil companies. Their market share is such that their purchasing power at the refineries is similar to that of the marketing arms of the oil companies themselves. The high volumes purchased means they enjoy good credit terms from refineries.

By concentrating on a few high-volume sites, they can use large, economical tankers to fill large storage tanks. Oil companies typically have to pay a dealer or tenant to run their site, whereas supermarkets have to pay only a cashier.

No supermarket sites are more than a few years old, so there is little need for the costly maintenance required at the generally older company-owned stations. There are also environmental clean-up costs at the latter when they are closed or refurbished.

Those advantages allow supermarkets to offer average savings of about 3p a litre according to figures from Opal Oil Price Assessments, a Walton-on-Thames-based company which monitors retail fuel markets in Europe.

Intense local competition usually means the differential at company stations near a supermarket outlet falls to about 1p a litre.

That local competition has also added to a widening of price differentials. Figures from Opal show that the highest price of four-star petrol was 61.9p a litre last week compared with a low of 52.9p and a supermarket average of 54.2p.

In addition to lowering prices in some areas, the main response of the oil companies has been to question the quality of the petrol sold by the supermarkets. Even though all the petrol sold by supermarkets comes from refineries owned by the oil companies, it previously did not contain the additives the oil companies put into fuel to make it flow more smoothly and prolong engine life.

Sainsbury began mixing additives to its petrol last year, and other retailers are following suit.

A better route for improving the profitability of oil company petrol stations is to take on the retailers at their own game – selling consumer goods. Oil groups are finding that adding pop-in, top-up shopping outlets can transform the profitability of sites previously dependent on low-margin petrol sales.

According to a report from Corporate Intelligence, the turnover in petrol forecourt shops was £1.7bn in 1992 and is growing at more than 10 per cent a year.

Shell, for example, is opening five convenience stores a week, and has begun promoting its stations as retail outlets, advertising price promotions on such products as Coca-Cola. Groups including BP, Mobil and Texaco are doing the same.

At the same time, retailers are encroaching increasingly on to oil companies' territory. With scope for building new superstores shrinking, Tesco has opened two standalone petrol stations in London, both with 2,000 sq ft Tesco Express convenience stores attached. Sainsbury is reported to be looking for petrol station sites, too.

Wood Mackenzie, the Edinburgh-based oil market analysts, published a report in August suggesting supermarkets were poised to become significant retailers of petrol. That could make dropping into filling stations for an extra pint of milk or loaf of bread commonplace. It also means future price battles between retailers and oil companies may not just be about petrol, but about soft drinks, crisps and baked beans.

Colin Beere

Filling up: a Tesco Express site in Barnes, south-west London

New tax 'keeps premiums high'

The cost of car and house insurance policies would have fallen in the past three months if the government had not imposed a 2.5 per cent tax on premiums from this month, AA Insurance said yesterday.

During 1992 and last year both car and home and house-contents insurance premiums increased sharply but that trend appears to have been reversed as the market has returned to profitability, the AA said. Many insurers are absorbing a large part, or all, of the cost of the new tax.

Tugs contract

Ferguson Shipbuilders, the shipbuilder based at Port Glasgow on the lower Clyde, has signed a £10m contract to build two 55-tonne tugs for Shetland Towage, which provides towage services for the Sullom Voe oil terminal.

Drinks groups give Virgin Cola a sceptical welcome

By Roderick Oram, Consumer Industries Editor

Virgin Cola, Mr Richard Branson's latest enterprise, was greeted sceptically yesterday by other soft-drink makers. They look forward to the competition but wonder how Virgin and Cott, its Canadian partner, will crack distribution and sales problems.

The Virgin Cola Company is a 50-50 joint venture between Virgin Trading Company, a new Virgin subsidiary, and Cott. Virgin will be primarily responsible for marketing, promotion and advertising. Cott will develop, manufacture and distribute the drinks.

"We invented Cola Wars," PepsiCo said. "We're very used to competition because it builds the whole cola market." Its cola volume has grown 15 per cent this year in spite of competition from J. Sainsbury's Classic Cola, also made by Cott.

Distribution will be one critical issue, PepsiCo added. "Putting the product within arm's reach of desire" requires a complex distribution system to reach retailers.

"Physical distribution is not a problem for us," said Mr Simon Lester, managing director of Cott Europe.

On the sales side, "the independent trade has shown an enormous amount of interest, and we've already spoken to one or two multiples," he said.

Mr Lester stressed that Cott's link with Virgin was fundamentally different from its relationship with Sainsbury. With Virgin, Cott is aiming to build from scratch a new brand, largely for independent retailers. With Sainsbury, it is supplying a supermarket own-label cola using a different formula.

"We have no objection to this," Sainsbury said. "We have an exclusive blend we will develop with Cott and we've got the better blend compared with Virgin's."

Mr Lester said Cott was working with some half-dozen bottlers in the UK and on the Continent on its range of products besides bottling them at its subsidiary, Ben Shaw.

The main thrust, apart from the UK, will be the US and Japan where Virgin is known for its airline.

Diverse products show what's in a brand name

Virgin's tactics would be more familiar in Japan, says Diane Summers

What has a cola drink to do with an airline, radio station, music store or computer game, and what have any of these activities to do with each other?

Virgin's move into soft drinks, announced yesterday, looks distinctly out of step with the management vogue for paring down activities.

But the company would argue that it is the Virgin "attribute-based" rather than "product-based" brand name which holds all these diverse activities together.

The Virgin name does not mean a specific product to the public, but is associated with fun, friendliness, doing things differently, quality and price competitiveness, said Mr Will Whitehorn, Virgin's corporate affairs director. These attributes mean the brand can be applied to a diverse range of products, he added.

These claims for the attributes of the Virgin name were given some independent credence recently by an NOP poll conducted for the trade journal PR Week. In two separate surveys it found that about 80 per cent of respondents associated the Virgin name with friendliness, nearly the same proportion with high quality, and between 60 per cent and 70 per cent with innovation, fun and low prices.

Virgin's tactics may seem odd by the management standards of western businesses but would be familiar to the Japanese, said Mr Whitehorn. He points to the *keiretsu*, or corporate family formation, of Japanese businesses. "Western companies tend to work in pyramidal structures, dominated by a holding company at the top. The *keiretsu* structure is flat and dominated by attribute-based brands. There is some communality of ownership but freedom among each of the units to make its own joint venture deals," he said.

An example is Mitsubishi, which is a bank and a car, as well as a shipbuilding and electronics company. All are part of the same family or *keiretsu* interest.

Virgin's aim is to ensure that all its products and services match and exploit the brand attributes and are, broadly speaking, in the leisure area. Its computer games company has given the brand a presence in the youth market. Its link-up with ICL, announced last month, will mean the production of Virgin computers slanted towards and games and multimedia markets.

The vodka tie-up with William Grant, also announced last month, fits the objectives for the Virgin brand, as does yesterday's cola announcement.

Mr Whitehorn dismisses suggestions that the Virgin name could be weakened by diversifying into so many different areas. "We've never really used the brand on consumer products until now. You can buy very few products, considering the number of trading activities we're involved in. What we haven't worked out yet is where to draw the line. We're taking it on a case-by-case basis," he said.

But is Virgin using the wrong name and should it re-brand itself as Branson? The PR Week survey suggests this might not be as ridiculous as it sounds.

While 93 per cent of respondents recognised the name Virgin, 97 per cent knew the name of Branson, and 34 per cent said they would be more likely to buy a Virgin product or service because of their high opinion of Branson.

A recent MORI poll for the BBC rated him as one of the figures – along with Mother Teresa – that young people would most trust to revise the Ten Commandments. Mr Whitehorn believes that the identification of Mr Branson with Virgin is particularly strong in the British public's mind, but this is not the case in Japan, the US or elsewhere in Europe.

"Richard has been very important to the brand name and has helped to establish its key values. But the strength of the brand transcends his involvement, especially overseas."

User-friendly: Virgin aims to add some fizz to its product range with its new cola drink

'Open skies' offer to regional airports

By Paul Betts, Aerospace Correspondent

Britain lifted all restrictions yesterday for transatlantic flights to its regional airports in an effort to revive talks with the US to liberalise air services between the two countries.

Mr Brian Mawhinney, the UK transport secretary, called the decision "the most sweeping unilateral liberalisation move in the history of transatlantic aviation".

But UK and US airlines regarded the announcement as only a "welcome geature" which did little to advance the core issue of liberalising access to the two main London airports of Heathrow and Gatwick.

The US government walked away from "open skies" negotiations last December after the UK refused to grant immediate access to all US carriers at Heathrow, the world's busiest international airport.

Mr Mawhinney, who was addressing the Conservative party conference at Bournemouth, said he had written to Mr Federico Pena, his US counterpart, offering all US and UK airlines the possibility of flying from any point in the US to any regional airport in the UK, including Luton and Stansted in the London area.

He also called on the US government to agree the liberalisation of so-called codesharing arrangements between UK and US carriers. These increasingly popular marketing tools enable airlines to combine their respective networks by using each other's ticketing codes.

In turn, this would clear the way for US government approval of the proposed commercial and code-sharing partnership between the UK's Virgin Atlantic Airways and Delta Air Lines, the third largest US carrier.

Mr Mawhinney said "open skies" for regional airports would offer economic benefits to cities such as Belfast, Birmingham, Cardiff, Edinburgh, Manchester, Newcastle as well as Luton and Stansted.

However, airline industry officials suggested that tha decision was aimed at winning political support in regions which have sought to expand air services to boost their local economic development.

"These steps are welcome but in themselves do not represent significant progress in the liberalisation process," said Mr David Coltman, vice-president of the Atlantic division of United Airline, the largest US carrier.

American Airlines, the second largest US carrier, said "the nub remains access to Heathrow and beyond Heathrow". The US carrier is also opposed to code-sbaring because it sees this as a device to circumvent restrictions imposed by bilateral agreements it wants changed.

Ironically, United announced yesterday it was ceasing its daily Glasgow to Washington DC service at the end of next month because of continuing losses. This will bring to just five the number of transatlantic daily flights from UK regional airports this winter.

UK and US carriers have not been rushing to start new transatlantic services from regional airports, but instead have continued to concentrate their operations at Heathrow and Gatwick. Only United and American Airlines can fly to Heathrow under existing rules.

Other carriers, which have also been seeking the right to fly to Heathrow, have been restricted to Gatwick where peak-time slots are also tight.

However, Mr Richard Branson, Virgin's chairman, said Mr Mawhinney had made "a bold gesture without asking anything in return from the US".

He hoped it would prompt the US to go back to the negotiating table in the next few days and approve Virgin's commercial partnership with Delta which has already been cleared by the UK government.

Virgin and Delta had originally hoped to start their combined services next month. "If we receiva the necessary US approval, we would like to start in January so that Virgin and Delta can compete on an equal front with BA and USAir," Mr Branson said.

Thatcher allegations take toll of party

By Kevin Brown, Political Correspondent

Allegations of impropriety appeared to be taking a toll on the government yesterday, as a senior backbench MP blamed disclosures about Mr Mark Thatcher'a role in arms sales on a plot against the Conservatives.

Baroness Thatcher, who arrived at the conference yesterday morning, refused to comment on claims that ber son received a commission for helping to set up the £20bn Al Yamamah arms deal with Saudi Arabia.

But Sir Marcus Fox, chairman of the 1922 committee of Conservative backbench MPs, said the timing of the disclosures on the eve of the the party conference suggested that the intention was "to undermine the government."

Lady Thatcher, who was given a warm but muted welcome by conference delegates, was lavishly praised by Mr Jeremy Hanley, party chairman, after emerging from 40 minutes of private talks with Mr John Major.

Smiling grimly, Lady Thatcher waved for the cameras, but refused to answer journalists' questions. Later, guests at a private lunch said she appeared frail, but adroitly sidestepped qnestions on the Al Yamamah affair. Lady Thatcher left in the evening to begin a visit to the US.

Party managers sought to play down tha allegations, challenging critics to bring forward evidence of any impropriety or wrongdoing.

But Mr William Waldegrave, the agriculture minister, admitted that the allegations were hurting the party even though they were inaccurate.

Mr Douglas Hurd, foreign secretary, who left for a visit to the Gulf Co-operation Council in Kuwait last night, said the controversy was unlikely to be raised by Arab ministers.

Mr David Hunt, the open government minister, also sought to play down the affair. He said the government would not be deflected from the main purpose of this conference, which was to discuss policies for the next five years.

"All these allegations have been denied before and I don't think it profits politics to throw unfounded allegations around," he said on BBC Radio.

Lord Howe, the former foreign secretary, said that he had no recollection of Mr Mark Thatcher's name being mentioned in the context of the Al Yamamah deal.

"There was no question of any impropriety being suggested to relation to Mark Thatcher or anybody else," he said on BBC Radio.

Labour continued to press allegations against Mr Thatcher. Mr Tam Dalyell, MP for Linlithgow, wrote to Mr Kenneth Clarke, chancellor, asking whether Mr Thatcher and a Saudi middleman had paid tax on commissions earned from the arms deal.

Hurd says Tories must not 'lurch to the right'

By Philip Stephens, Political Editor

A powerful warning against a lurch to the right by the Conservative party in domestic policy and a retreat into isolation in foreign affairs was made yesterday by Mr Douglas Hurd, the foreign secretary.

As the party conference continued to debate the party's response to the electoral threat by Mr Tony Blair's modernisation of the opposition Labour party, Mr Hurd said the Conservatives must not cede the political centre ground.

He accompanied a strong rebuttal of the suggestion by Mr Norman Lamont, the former chancellor, that Britain should consider withdrawal from the EU with en equally firm insistence that the Tories must not lose touch with "commonsense convictions".

Heading a move by a series of centre-left ministers to slow the drift to the right in the party's rhetoric, he said it must show it has a vision of society which stretched beyond the free market.

In his speech on the conference floor, Mr Hurd said that the government must craft a foreign policy based "not on the world as it was, not on the world as we would like it to be, but as it is".

That meant recognition that wielding influence on the world stage depended on Britain playing its part in the big international institutions – the UN, Nato and the Commonwealth – and playing an active role in the European Union.

In a brusque rejection of the xenophobia of some on the right of the party, Mr Hurd dismissed the "siren sounds" of those who believed Britain could turn its back on Europe.

He told the conference: "We can enjoy ourselves morning, noon and night, poking fun at foreigners .... Bnt if we indulge ourselves in that way we won't have a strong and effective foreign policy, we won't be influencing events, we won't be advancing British interests".

Instead Britain's interest lay in steering Europe in its direction: "Whenever we have looked away from our continent over the past hundred years, we have paid a price. So has Europe. No one wins an argument by kicking over the table".

Turning to the likely outcome of the European Union's 1996 intergovernmental conference, be insisted: "No one with any grasp of political reality can suppose after the last three years that the national parliaments or national electorates will vote for tha smothering and extinction of the nations of Europe."

Truck and van sales rise for ninth month

By John Griffiths

Commercial vehicle registrations rose for the ninth successive month in September, providing only tentative signs that a slowdown in the rate of recovery of the new car market might be spreading to parts of the van and truck market.

Registrations of trucks over 3.5 tonnes did fall in September – by 12.2 per cent to 4,443 from 5,059 in the same period a year ago. But this was attributable entirely to sales during the previous September being inflated by a rush to register vehicles which would not have met new emissions regulations introduced on October 1 last year.

In contrast, registrations of light vans last month jumped by 40.6 per cent, to 5,230 from 3,719, while those of panel vans such as the Ford Transit were 12.3 per cent higher at 8,464.

Registrations of light four-wheel-drive utility vehicles also fell sligbtly last month, to 1,210 from 1,322 a year ago, altbougb for the first three quarters of the year as a whole they were half a percentage point higher at 10,775.

Statistics from the Society of Motor Manufacturers and Traders show that the bus and coach market was static last month compared with levels achieved a year ago at 235 against 234, but this sector is also up – by 18.1 per cent at 2,145 for the first nine months as a whole.

The share of the total commercial vehicle market taken by imports rose last month to 45.4 per cent compared with 43.8 per cent a year ago, lifting the year-to-date level to 43.6 per cent from the 41.13 of the first nine months of last year.

However, the figure conceals a very sharp rise in the penetration of the truck market by importers anxious to compensate the the steep recession in Continental truck markets. Their share jumped to more than 58 per cent last month compared with just over 47 per cent a year ago.

Among those making the biggest gains in the month were Scania, with registrations up 22.8 per cent, Renault up 44.3, and Mercedes-Benz up 12.7.

Reynolds call over Ulster

Mr Albert Reynolds, the Irish prime minister, yesterday called for "an accelerated British response" to the six-week-old IRA ceasefire.

In the wake of the assertion by Sir Patrick Maybew, the Northern Ireland secretary, that the British government may never be in a position to say it accepts that the IRA ceasefire is permanent, Mr Reynolds told the Dublin parliament he was convinced that the end of IRA violence was "real and for good".

Mr Reynolds also said he was "encouraged" by signs of a loyalist ceasefire.

He added: "I will be making the point that I believe the time has come now to accelerate the response of the British government."

There was fresh optimism in Northern Ireland last night after the government allowed loyalist leaders into the top-security Maze Prison on Monday for talks abont a possible ceasefire with UDA and UVF inmates.

Nationwide agrees to sale of estate agents

By Andrew Taylor and Christopher Price

Nationwide building society has agreed to sell for just £1 a total of 304 estate agency branches acquired since 1987 for £120m.

The sale marks the latest exit from the struggling estate agency business by leading financial services groups. These paid high prices in the late 1980s to buy brancbes, from which they could sell a wide range of services such as home loans and insurance policies.

The collapse of the housing market, however, has led to mounting losses prompting large-scale branch closures and disposals. About a quarter of all estate agency branches are estimated to have closed since 1988.

The Nationwide chain, which is being acquired by Hambro Countrywide, the estate agency and financial services group, has made cumulative losses of £80m since 1987 taking the total loss to £200m for Britain's second largest building society.

A loss of less than £50m also has been incurred by Guardian Assurance, which had a 49 per cent stake in the estate agents. Guardian is thought to have paid Nationwide to acquire its stake before the sale to Hambro.

Abbey National bank and Prudential Corporation made combined losses totalling more than £500m wben they sold their estate agency businesses in 1993 and 1991.

Mr Brian Davis, Nationwide's chief executive said the society had secured a stream of new mortgage business from its estate agents but the house sales operations had been disappointing.

Not all financial services groups have been displeased with tbeir expansion into estate agency. Halifax, Britain's biggest building society, said yesterday that a tenth of its mortgage business was generated through its 530 estate agent branches. It was "strongly committed" to remaining in this business even though its estate agency division made a £2m loss in the first six months of this year.

MANAGEMENT

Business schools set out their stall

Business schools in Europe have been making cautiously optimistic noises about a revival of interest in the MBA. A reception in London next Monday evening organised by the UK-based Association of MBAs will put their confidence to the test.

Altogether, 41 schools from the UK, continental Europe and the US will be available to answer questions from prospective students. Those who attend will be able to find out about the availability and suitability of courses and about various methods of financing their studies. All modes of MBA "delivery" – full-time, part-time and "distance learning" – will be represented.

According to Roger McCormick, director general of AMBA, would-be students "will be able to speak directly not only to admissions directors and business school faculty, but also to graduates about what it was *really* like".

The participating schools include 23 from the UK (including London, Ashridge, Cranfield, Manchester and Henley), 10 from continental Europe (eg. IESE of Barcelona, Insead in France and Rotterdam of the Netherlands) and top US institutions such as Harvard, Wharton, Stanford and MIT.

The reception will be held at the Institute of Directors, 116 Pall Mall, London W1. Details from AMBA on 071-837 3375.

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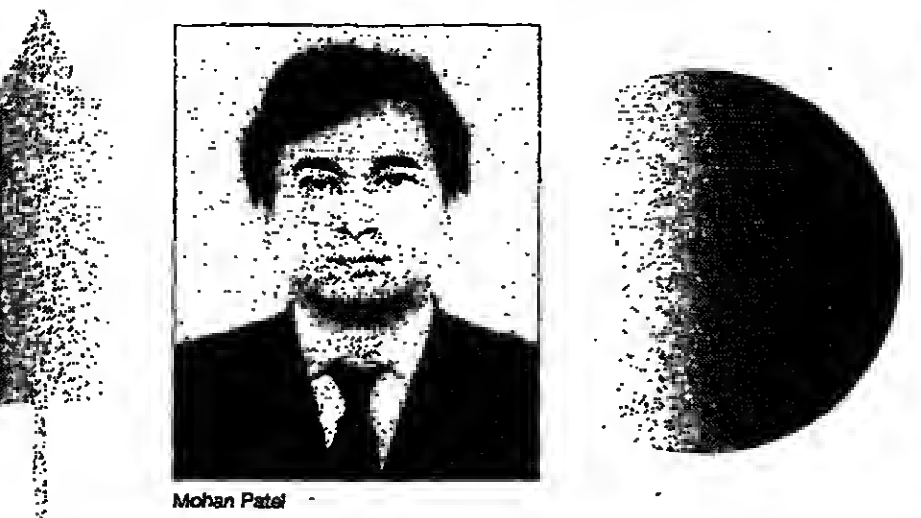
The European Foundation for Management Development in Brussels has announced that this year's European Case Writing competition winner is Dr Morgan Gould from IMD in Switzerland. The prize – intended to improve and expand the availability of European-based teaching and training materials – was awarded for the case Revolution at Oticon. Robert Brown of Cranfield University was winner of the entrepreneurship category for his case Dockspeed.

Tim Dickson

Career moves in Tokyo

Mitsubishi has recognised that its managers do not have to be Japanese, writes **William Dawkins**



Mohan Patel

Even the most innovative Japanese multinationals lag well behind their western competitors in inviting *foreign executives to compete for* top jobs.

As a consequence, Japanese companies risk failing to make full use of foreign talent, at a time when their need for outside management – Asian as well as western – is growing faster than ever before.

Trendsetters such as Sony, the entrepreneurial electronics group, have long ago taken this message to heart. But Sony is a special case. The use of senior foreign management is still rare among more traditional players in Japanese business.

One of them, Mitsubishi Corporation, the sprawling international empire which is Japan's largest general trading company, has just seen the light and is taking steps to create a merit-based career path for foreign managers in a traditional Japanese seniority-based hierarchy.

Its experience in this regard is at an early stage, but already instructive. Early this year, Mitsubishi inaugurated an international human resources development unit in its Tokyo head office. Its manager is Mohan Patel, an intelligent, gently-spoken Canadian of mixed Indian and Japanese extraction, who has spent 14 years as a trader in the machinery division.

Patel, 44, is himself an example of the kind of manager he is trying to foster. Younger than Japanese colleagues at the same level, he is the only foreign manager among nearly *10,000 head office staff.*

His five-person unit has been fully operational for four months, long enough for Patel to identify the main tasks needed to make more efficient use of Mitsubishi's 4,000 non-Japanese employees worldwide and the 20 staff from overseas subsidiaries who have moved to head office in the past five years.

Mitsubishi has a long history of hiring foreigners in the 600 overseas joint ventures in which it has equity stakes across the world, ranging from printed circuit board manufacturing to pharmaceuticals.

Until a few years ago, however, nearly all of them were support staff, working under Japanese managers. That has started to change, slowly, so the group now has six foreign directors of its overseas joint ventures. "We need to delegate increasing responsibility to local staff, so our requirements have *started to rise*," says Patel.

Mitsubishi realises that joint venture managers do not necessarily have to be Japanese, if only because it is hard for such a large hierarchical organisation to train "true managers" to take charge of far-flung subsidiaries, says Patel. The supply of Japanese managers is also starting to fall in line with the country's ageing population, a trend that is easy to spot early in a seniority-based hierarchy such as *Mitsubishi*'s.

To retain and make efficient use of foreign executives, "we have to consider how to train these individuals and provide them with more opportunities within the group", says Patel.

The main problem, he says, is that Mitsubishi lacks a system for rotating foreign managers through the group, from one foreign unit to another or even through Tokyo. Denied a clear career path, a growing number of foreign staff were leaving for other companies after completing a single posting.

To retain and make efficient use of foreign executives, 'we have to consider how to train these individuals and provide them with more opportunities within the group'

The solution is essentially technical, he believes. Traditionally, staff are promoted only within their own division or within their foreign joint venture, where the opportunities are naturally limited.

A handful of exceptions have been made for foreigners, who did not easily fit into the Japanese hierarchy because they tended to enter the group via a joint venture or subsidiary, often in mid-career. They include the transfer of a Bostonian via Tokyo to Singapore, then to France, where he has for the past two years been managing director of a circuit board factory. Another US executive moved from New York to be number two at a chemicals plant in the Netherlands. "In the past, there was an independent discussion each time we made an appointment like this," says Patel.

His first task, therefore, will be to set up a clearly understood system for transferring foreign executives between divisions. To assist this process, Patel's unit has been given responsibilities across Mitsubishi's seven divisions, along with the elite planning committees that sit just beneath the board.

Another task identified is to set up a regular system for giving foreign executives exposure to head office, for short postings of up to two years.

Authority at Mitsubishi is centralised, so managers who know the ropes at head office have a clear advantage. "Our overseas staff have very loose job descriptions because our activities are so diverse, from trading to finance and manufacturing. So it boils down to creativity...but you can't function in that environment unless you know what it takes to convince your bosses in Tokyo," says Patel.

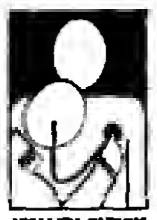
Until now, foreign managers had to wait for an invitation from a talent spotter in Tokyo to achieve that kind of exposure. That was, in fact, what happened to Patel, who spent nine years selling machinery in Canada before his divisional boss asked him to move to Japan in 1989, to take up another trading job.

As in most Japanese companies, there remains a limit to foreign executives' promotion prospects. There are none, for example, on *Mitsubishi's board of directors.*

That will change "in the not too *distant future*", Patel predicts. But the first foreigner to sit on Mitsubishi's board may well be Chinese, to make a contribution to developing one of its fastest growing markets, rather than European or American.

Carol Cooper looks at depression in the office and how to spot it

High cost of feeling down



HEALTH CHECK

Depression can strike anyone, from office cleaner to chief executive. In various degrees, it affects up to 60 per cent of adults at some time in their lives, and at least 50 per cent of these will suffer serious depressive illness.

In the UK, the cost to industry of depression – let alone other mental illness – is estimated to be more than £3bn a year.

Most of us know roughly what is meant by depression, but recognising it in others is more difficult. Symptoms of depression can *be surprisingly physical*, with complaints of headache, aches *and pains, lack of energy*, insomnia or early-morning wakening, changes in appetite, weight loss (or sometimes gain), constipation, *dizziness and loss of libido.*

All these can be caused by physical illness, and a recent study shows that GPs miss the diagnosis in about 50 per cent of depressed patients at the first consultation.

There can, however, be important clues to depression in attitude or mood in the workplace. Depressed colleagues may show less interest in work, have difficulty coping with their usual workload, or become more irritable with others. They may have trouble making decisions, or blame themselves unnecessarily when things go wrong.

Depression can be disabling socially too, and anhedonia – inability to experience pleasure – is significant. Perhaps someone in your department has not laughed for a long time or seems unable to relax.

There is evidence that depression is partly a biochemical accident. But we are still far from regarding mental illness in the same light as we do diabetes.

A MORI survey commissioned last year by the Defeat Depression Campaign suggested that half the population believe depression is not the sort of thing to see the GP about. And many depressed people, including doctors, fear the effect the diagnosis could have on their career. Treatment, however, is what they need. With a few exceptions, depression does not get better on its own or with exhortations to pull oneself together.

Treatment falls into two main categories: drug therapy and non-drug therapy. Many favour the former, but there is a drop-out rate of about 30 per cent, which reflects the incidence of side-effects such as dry mouth (newer drugs tend to have fewer), as well as public misconception that antidepressants are addictive.

Non-drug treatments are becoming more popular, incuding counselling and cognitive therapy, which is psychological treatment aimed at altering negative patterns of thought leading to depression.

Psychological techniques are time-consuming, at least to begin with, and may demand regular time off work. Their exact place in the treatment of depression is uncertain, but they often work best in conjunction with drugs.

Untreated, depression can be fatal. In the UK, 5,000 people die through suicide every year. Of these deaths, most are associated with depression, and the toll seems to be rising among men aged between 16 and 30.

The government has a target of reducing the overall suicide rate by at least 15 per cent by the year 2000. But the extent to which treatment for depression can influence the suicide rate is uncertain. Some authorities believe treatment is itself a risk factor, particularly with the older types of antidepressants.

It is commonly agreed, however, that better diagnosis and management of depression would be an appropriate and cost-effective aim.

A leaflet, Depression in the Workplace, is available for 40p from the Defeat Depression Campaign, Royal College of Psychiatrists, 17 Belgrave Square, London SW1X 8PG (tel 071 235 2351).

** Dr Cooper is a practising GP.*

PEOPLE

Leven on the rise at Holiday Inn

Bass, the UK brewing and leisure group, has appointed Michael Leven president and chief operating officer of its *Holiday Inn subsidiary.*

The appointment to this newly-created position led to speculation by leisure analysts yesterday that Leven was being groomed to take over from Bryan Langton, Holiday Inn's chairman and chief executive. The only flaw in this view is that the two men are too close in age. Langton is 57, with three years to go until retirement. Leven is only a year younger.

Bass said yesterday that no conclusions should be drawn from the appointment except that Holiday Inn believed Leven had a job to do.

The chain recently announced a rebranding of its most expensive hotels, the Crowne Plaza properties, which will no longer carry the Holiday Inn name.

The company has also embarked on an aggressive expansion campaign. Over the past two years it has, on average, opened a new hotel every second day. It now operates or franchises over 1,900 hotels in 60 countries.

Ian Prosser, Bass chairman, says Leven will be responsible for Holiday Inn's worldwide hotel operations and sales; Langton would focus more closely on strategic issues.

Leven joined Holiday Inn in 1990 as head of franchising in the Americas, after serving as a senior executive with several US hotel companies. He became president of Holiday Inn's Americas division last year.

■ Gerry Brown (above) has been appointed operations director of EXEL Logistics and BRS, part of NFC.

■ Jean-Marie Fink, md of Roulement Service, has been appointed to the BRAMMER parent board.

■ Jonathan Shier, former deputy md of Thames Television, has been appointed md for eastern and central Europe of MULTICHOICE.

■ Philip Butler, formerly md of The Tetley Pub Company, has been appointed commercial director of ALLIED-LYONS Retailing; he remains chairman of Allied Breweries Nederland and Allied Breweries Overseas Trading. John McKeown is appointed md of The Tetley Pub Company; he is replaced as retail services director of Allied-Lyons Retailing by David Longbottom, md of Taylor Walker. Ramon Mora-Figueroa, a founder of Hiram Walker Europa and chief executive of Pedro Domecq, has been appointed to the board of ALLIED DOMECQ.

■ Keith Cameron, group personnel director, has been appointed to the board of The BURTON GROUP.

■ Jonathan Vickers has been promoted to director, marketing and technology, at BURMAH CASTROL on the retirement of Brian Ridgewell.

Cuoni quits Coutts Zurich

National Westminster Bank is likely to increase its management grip on Coutts, the frock-coated bankers to Britain's royal family, following the resignation of Jean Pierre Cuoni, chief executive of Coutts International Private Banking in Zurich.

Cuoni, 57, was appointed chairman of the executive committee of Coutts AG in Zurich in 1988 after 28 years with Citibank. David Went, who took over as chief executive of the Coutts Group in June, says Cuoni has done a "fantastic job" in bringing together a group of very disparate businesses. However, Cuoni felt that the time had come for someone else to take Coutts' international business forward.

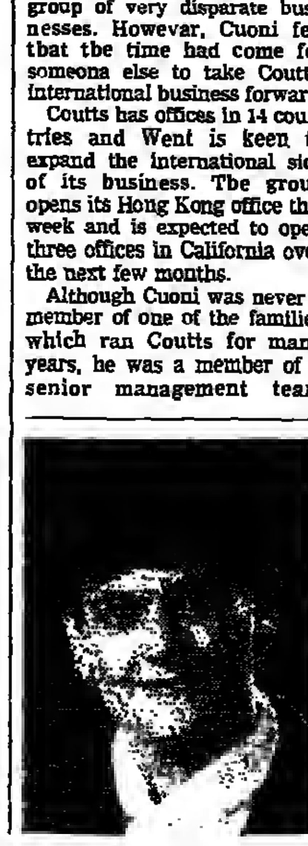
Coutts has offices in 14 countries and Went is keen to expand the international side of its business. The group opens its Hong Kong office this week and is expected to open three offices in California over the next few months.

Although Cuoni was never a member of one of the families which ran Coutts for many years, he was a member of a senior management team which has been gradually replaced as NatWest has taken a firmer hold on a part of its business which has never really fulfilled its potential. Ian Farnsworth, a NatWest general manager, took over from Julian Robarts as managing director of Coutts & Co in early 1992 and just over a year ago, Sir David Money-Coutts stepped down as chairman of the group.

Went denied yesterday that Cuoni's departure had anything to do with NatWest's increasing involvement with one of the world's great banking brand names. He said it was unlikely that Cuoni's successor would come from NatWest and that he was looking for an international banker of "some stature".

■ Art Brown, formerly head of financial markets trading in Sydney, has been appointed general manager Europe of COMMONWEALTH BANK OF AUSTRALIA in succession to John Koch.

■ Huw Alderman has been appointed md of Ekins, WOOLWICH Surveying Services.



Sarah Heward (left) has been appointed md of Corney & Barrow, the chain of ten (soon to be 11, when Farringdon opens) restaurants and wine bars in the City. After a brief spell in the Old Broad Street bar, Heward became manager of the Old Broad Street branch in July 1988 and was promoted to operations director in 1991. She replaces Christopher Brown who takes up his new appointment on the board of Groupe Chez Gérard and md of Group Chez Gérard Restaurants on December 1.

Non-executive directors

■ Sir Timothy Kitson (above), chairman of Provident Financial and vice-chairman of Leeds Permanent Building Society, at LONDON CLUBS INTERNATIONAL.

■ Ian Clubb, chairman of CTR (formerly Tiphook), at SHANKS & McEWAN.

■ Jack Rowell, a director of Dalgety, and Derek Pearce, chief executive of the Leeds Tec, at CELSIS INTERNATIONAL.

■ Sipko Huismans, chief executive of Courtaulds, at VICKERS.

■ Peter Ogden, former md of Morgan Stanley International, at ABBEY NATIONAL.

■ Christopher Chataway, chairman of the CAA and former DTI minister, at MACQUARIE SECURITIES (UK).

■ David Gestetner, president of Gestetner Holdings, at ALPHAMERIC.

■ Campbell Allan, a founding director of Gartmore Investments, as chairman at WORLD FLUIDS (HOLDINGS); the former chairman John Dowling remains on the board.

■ Gerard Hardy has resigned from CAPITAL RADIO.

■ George Pryce has retired from H.P. BULMER HOLDINGS.

■ Gerald Newton at LISTER & Co.

■ Frank Hirst as deputy chairman at COBRA SPORTS.

■ Andrew Lindsey has resigned from BEMROSE CORPORATION.

■ Eric Holroyd has resigned from SERIF.

■ Adrian Smart at BARING STRATTON INVESTMENT TRUST.

■ Emmanuel Olympitis, chairman and md of Johnson & Higgins, at PACIFIC MEDIA.

■ Trevor Harrison, a principal with LEK and formerly with ICI, at UKAEA government division.

■ Harald Westling has resigned from TAMARIS.

BUSINESS AND THE ENVIRONMENT

Emiko Terazono looks at Japan's attempts to clean up the disposal of used photo development solution

Camera friendly

The Japanese photo film industry is facing up to international pressure for a more environment friendly way to dispose of used photo development solution.

The country's photo film industry generates around 140,000 tonnes of used photo development solution a year, some 20 per cent of the world's output. The used solution is being placed in containers and then dumped into the sea.

However, dumping of industrial waste is to be banned at the end of next year under the London Convention, a worldwide treaty on sea pollution.

The Japanese environment agency is to put together its own legislation, which will be put into effect at the beginning of 1996.

Companies are now searching for alternatives to dumping, ahead of the London Convention. One option is to decompose the solution.

Attempts to do this have until recently been unsuccessful, as once the chemicals for development are combined into a solution, that solution becomes highly stable and difficult to decompose.

However, Fuji Photo Film, the country's leading photo film manufacturer, earlier this month announced the first technology to purify used photo development solution.

Toxic elements, including ammonia and nitrogenous compounds are eliminated from the waste solution by microbial decomposition and oxidation using a metal catalyst, leaving only water and salts. The company has installed a Y300m (£1.9m) demonstration system in eastern Japan, and officials say since incineration is not involved, nitrogen oxides and other gases are not emitted. However, the prototype system for commercial use is expected to take more than two years to develop.

Konica has already partially solved the solution waste problem with its waste water recycling machine, developed with Tokyo Electric Power, the electric utility concern.

The machine, sold commercially since the beginning of last year, allows retail photo development laboratories to condense the used development solution to less than a tenth of the original amount.

The machine is integrated into the company's "mini-lab" photo operation, a computer-controlled development system which costs Y5.6m for one version and Y7m for a higher capacity machine. Using heat and pressure, the solution is divided into water and sludge. The water can be reused in the photo labs for photo development, while the sludge is collected by a subsidiary of Konica for incineration.

An average lab which produces 20 plastic tanks containing 20 litres of the solution in each, will only have to deal with seven, 5-litre bags of sludge when using the machine. Lab owners can also save on storage space and do not have to transport heavy tanks of waste.

Moreover, Konica says the machine is cost-effective as well as environment-friendly. By using the recycled water and cutting down on waste collection fees, the company believes that users who develop 50 rolls of film daily can save up to Y20,000 a month. So far, the company has sold around 600 units and last month started full production of the "mini-lab", manufacturing 1,500 units a year.

Meanwhile, Konica announced last month that it expected the introduction of chemical tablets – to replace the traditional chemical solutions – to increase sales. The tablets are dissolved in water and come in plastic cartridges which are collected and reused.

Konica says that because the tablets are not messy, are easy to carry around and eliminate errors when mixing several chemicals together they are extremely user friendly.

Recyclable film with a lens

Akira Fukano, a researcher at Fuji Photo Film, is displeased when people talk of the company's "disposable" cameras. This is a misnomer, he says, since almost all of the camera is reused or recycled.

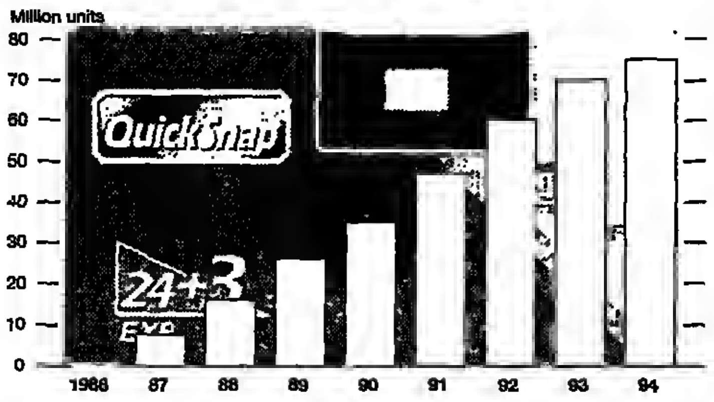
The company insists the device be called a "film with a lens", although when it was first marketed in 1986 the idea was to throw away the lens and shutter apparatus once the film was used.

But in 1990, Fuji launched its recycling centre and today more than 70 per cent of the parts, including the lens, flash and shutter are tested and reused. Other components, such asthe outer cardboard box and batteries, are sent to outside recycling companies.

Fuji, which has been followed down the recycling path by other photo film companies, including Konica, Kodak, and Agfa, has about 80 per cent of the domestic disposable camera market. It invested Y1bn (£6.27m) in its first automated line in 1992 and another Y1bn in its fully automated system the following year.

Earlier this year, it won an award from the ministry of international trade and industry for its environment-friendly system.

Sales of disposable cameras in Japan



Mr Fukano says the key to the high reusage ratio is product development. "Recycling parts is fine, but it's better for the environment to reuse the component as it is," he says.

This has meant using quality parts, which can be used over and over again, and meticulous quality testing systems which pick out used components that are damaged.

To enable easy dismantling by machines, the components, screwed together in the original version, are shaped to allow them to be simply fitted together. . To limit the amounts of materials used in a product, miniaturisation has also been important. The company has reduced the camera weight by 20 per cent to 40g.

But there are costs for recycling. Fukano admits that a recycled product is more expensive than a completely new one because of the initial development costs and the running costs for collection and storage of used cameras.

Fuji, and the other photo film companies, are also facing competition from the large supermarkets selling their own-brand disposable cameras.

A further problem is that the recycling process relies on the film processing labs to return used parts to the manufacturers. While this helps to create a link between consumer and processing lab, some labs, including those belonging to the large supermarkets, have used the parts from Fuji cameras, as well as their own, to produce new branded disposable cameras.

After Fuji protests the retailers have agreed to stop, but some independent labs are still using used parts. For example, Nihon Jumbo, a fast growing film processing chain, reuses parts from leading manufacturers' products. The company says it has a right to recycle parts from used cameras and is not obliged to return them to the maker since the consumer has "thrown them away".

Fuji says, however, that sales of recycled products by processing laboratories pose little threat to its market position.

ET

Putting value on variety

Does biodiversity – the preservation of wide varieties of species – have any economic value? Since biodiversity was one of the goals adopted by environmental policymakers at the Rio earth summit, the question is highly topical.

On the face of it, the answer seems to be no, or very little. A stretch of rain forest rich in plant, animal and insect life does not have enough valne to prevent people chopping it down and selling the timber for short-term gain. So how can its value be enhanced to persuade people to leave the forest alone?

Professor David Pearce, the environmental economist who has made a career out of pricing the environment, believes it can be done. In a new book* he says that biodiversity might be able to compete with alternative land uses if there was greater parity between the two.

The tronhle is that alternative uses tend to enjoy special treatment, such as tax breaks or distorted property rights. "This," he writes, "is one dominant reason why more investment in biodiversity does not automatically take place."

There is a further reason: the absence of what Pearce calls "global markets in the benefits of biodiversity". In particular, developing countries find it difficult to exploit their biodiversity because no one is willing to pay enough for it.

For example, industrialised countries do not put a value on the ability of rain forests in the developing countries to soak up carbon from the atmosphere. Pearce argues that poorer countries need more help from richer ones and from multilateral institutions, such as the World Bank's Global Environment Facility, to extract this value.

Even so, Pearce believes that there are many cases where biodiversity pays: wetlands with potential for human use, and tropical forests that could yield between $3,000 (£1,900) and $7,000 per hectare, which Pearce says is "clearly attractive".

**The Economic Value of Biodiversity, by David Pearce and Dominic Moran. £12.95. 172pp. Earthscan, 120 Pentonville Road, London N1 9JN. Tel: (071) 278 0433.*

David Lascelles

Cyril Cole (right) shows Silver Lapwing judges his environment-friendly farm

Farming the green fields

Deborah Hargreaves on a farmer mixing commerce and conservation

For the past 14 years Cyril Cole has been farming in a more environmentally-friendly way on his mixed-stock farm, Lower Ash Moor, between Tiverton and South Molton in Devon. He has dug ponds, planted trees and fenced off hedges to prevent the cows eating them.

Last year he became involved in more extensive conservation when he took over 30 acres of Culm grassland to manage under the Countryside Commission's stewardship scheme.

He keeps this land in a traditional state, applying no fertiliser or lime to the fields – just cutting the grass in August – where more than 130 species of plants and wild flowers thrive. The scheme pays him £28 per acre which goes towards interest on his bank loan for purchasing some of the land.

Cole's efforts will be recognised today when the farm is announced as the winner of the Silver Lapwing award sponsored by Booker Countryside, part of the agribusiness group.

The award is presented annually to the agricultural holding which has done most to combine wildlife conservation and landscape improvement with a commercial farming business.

Cole's holding is in a difficult farming area just on the edge of Exmoor. It has a high rainfall and short grazing season for his 40 dairy cows, 60 cattle and 70 breeding ewes. However, Cole manages to combine many traditional skills with running a viable business.

He is currently being paid by the Countryside Commission to restore the high "Devon bank" hedges that flank the grasslands.

Cole trims bushes on the side of hedges to make room for plants such as heather, honeysuckle and primroses, and digs a ditch at the bottom of the hedge to provide a moist habitat for toads, frogs and lizards. He has surrounded many fields with ditches to create "corridors" for small animals.

Cole has found so mnch interest in his conservatinn efforts that he is considering setting up a farm trail and provide access for local schools.

ARTS

Television/**Christopher Dunkley**

Driven out of the intellect business

So this is the fabled autumn season, is it? The one which is supposed to redeem the reputations of the broadcasters after a summer full of repeats and cheap imports? Yet many viewers seem unimpressed. Their feelings are summed up by the novelist Jill Paton Walsh, featured in the regular Guardian item "My Media" on Monday. Of television she said: "We watch it less and less. We're not even going to have a TV set in our second home in Cornwall – John said it wasn't worth having one just to watch elephants at water holes. We see *Newsnight* and *The Late Show*, and nature programmes and good drama. But we increasingly feel TV is no longer directed at people like us: middle-brow, moderately intellectual".

"No longer directed at people like us . . ." Of course the new season has brought new series, though as usual some called "new" are geriatrically old. *University Challenge*, for instance, first appeared in 1962. Switching it from ITV to BBC2 and sticking Jeremy Paxman to Bamber Gascoigne's chair does not make it new. Actually it makes it rather inferior because with Gascoigne you always felt that he knew the answers without being told, whereas Paxman gives the impression that he would like you to think he knew but has sneaked a look at the card.

In the case of *The Moral Maze* the programme is genuinely new to this medium (BBC2 again) but is another example of television's increasingly freqoent piracy on the radio seas. Of course the brains trust pre-dates all forms of broadcasting, but this particular team has been hijacked whole from Radio 4. As so often with talk shows, the formula works better on radio where you do not have to look at Janet Daley's hairdo, or wonder why David Starkey seems different from his last appearance (he has shaved off his moustache).

Most beavily hyped of all tha borrowings from radio is *Knowing Me, Knowing You* in which Steve Coogan in his Alan Partridge persona plays a chat show host of such embarrassing crassness that I find it hard to watch. This is another instance – Nigel Planer's spoof master class in acting was a previous notable example – where material sufficient for a brilliant 10-minute sketch has been pulled out like chewing gum to stretch across not just a whole programme but an entire series. The fifth time you hear "Knowing me, Alan Partridge, knowing you Charlie Farnsbarns. Aha" you fidget. The tenth time you grind your teeth. The 15th time you change channels.

The complaint is not that the material on British television this autumn is unprofessional. All four of the terrestrial channels, which still account for more than 93 per cent of viewing, can point to new series that have been superbly well made, for instance the "family at war" serial *Seaforth* on BBC1, the documentary series *Reputations* on BBC2, the series about a police psychologist, *Cracker*, on ITV, and the topical light entertainment series *Rory Bremner, Who Else?* on Channel 4. The complaint is twofold: that so many programmes now aim chiefly at maximising ratings, and that, however good, they all represent types of programming that are well tried and tested. Where is the fizz, the buzz, the dangerous novelty?

> *Where is the fizz, the buzz, the dangerous novelty? Programmes nowadays aim at maximising ratings with tried and tested formulae*

Most of all, where is the programme that makes you want to switch on because it feels as though it really is in touch with what is happening in the world today, in a "moderately intellectual" way? Watching *Labour Party Live* on BBC1 and 2 last week you began to wonder whether we might have reached a historic watershed with the Blair faction in the Labour Party finally leaving 1945 and Beveridge behind and looking out across new territory. Perhaps "communitarianism" is what it is all about and politics will henceforth focus on smaller units. Perhaps, conversely, politics is becoming irresistibly international. Peter Jay's engrossing report on *Panorama* this week suggested that the old restraints of national boundaries are being removed from the world of employment (or unemployment) and wages.

The conference coverage and the *Panorama* report were, of course, as topical as you could ask. Furthermore there have been programmes in the recent past which have capitalised (ho ho) on the collapse of communism in eastern Europe; the final programme in BBC2's *Reputations* series, for example, provided a portrait of Beria which could not have been made before the Soviet archives were opened up. So, as we might expect, it is not a question of broadcasters being blind to what is going on around them. However, such programmes are relatively rare; far, far more time is occupied by programmes such as *Seaforth*, yet another authentically filmed yarn beginning in the second world war, or *The Danny Baker Show*, a chat show which has already been reduced to the desperate old ploy of featuring another chat show host (Jonathan Ross) as guest.

It is impossible to avoid the conclusion that television has been virtually driven out of the intellect business and into the market place. Those mainly to blame are the politicians whose tunnel vision, fear, and spite were largely responsible for the last lot of broadcasting legislation, though they were helped by top broadcasting executives who much too readily accepted the "Nothing wrong with ratings" philosophy. It is not professional skills that are being lost; technically speaking our programme makers get better and better. What is disappearing is the work which used to make British television a truly significant element within our society.

The change is strikingly exemplified by the Channel 4 series *Alan Bleasdale Presents* which uses as a come-on the name of a man known for his outspokenness and for an idiosyncratic sort of drama which provided tbe nation with the phrase "Gissa job". Last night's offering was a glossy TV movie called "Requiem Apache" which offered yet another variation on the familiar old theme of the retired slick operator (spy, safe-breaker, whatever – in this case a getaway driver) who is wanted by his former colleagues to do another job.

It was slickly made and impressively cast, albeit somewhat thin in plotting for its 90 minutes, yet often funny. All the dramas in this series come from new writers and this, from actor Raymond Murtagh, was certainly full of promise. But apart from the professionalism there was nothing in it which you would associate with the sort of work that Alan Bleasdale stands for. The car chase was good, the use of music – for once – excellent, the photography lovely, and the ratings may well prove impressive. Bnt I doubt whether Jill Paton Walsh will see it as a reason for having a television in that second home in Cornwall.

Using a come-on name for a glossy made-for-TV film, 'Requiem Apache' with Alfred Molina (above). Apart from professionalism, the film had nothing to associate it with the work of the 'presenter', Alan Bleasdale

Theatre

Doctor Knock

The programme photographs of Sam Walters' 1979 production of Doctor Knock are almost indistinguishable from his 1994 version, yet the world has changed in 15 years. The temptation is to interpret this revival as being intended to make a comment upon the currently hot issue of public health care.

Such connections are at best specious. Jules Romains' 1923 comedy (presented here in Harley Granville Barker'a pithy translatioo) deals with an ambitious doctor who sets out to make a success of a small-town practice and ends up effectively creating a cult of hypochondria in order to maximise his own takings. Hardly a relevant comparison, either, to private health insurance schemes (which would seemingly rather do without the patient altogether). Nor does Walters' direction succumb to the lure of social punditry. He is concerned wholly with a finely told, aousing yarn, which for the most part he serves diligently.

The cards are stacked against the sleepy burghers of St Maurice from the start; the villagers are little more than a collection of stereotypes (grinning bumpkins, effete schoolmaster, snobbish *grande dame* etc) ripe for exploitation by Doctor Knock. Geoffrey Beevers' Knock is a masterly creation: flattering his clients, gulling them into feeling non-existent illnesses and subtly interrogating them as to how much they can pay for treatment, all in an easy flow of urbane imperturbability.

Knock's confidence in his own aptitude is unshakeable: to his near-equals (of course, he can admit to having no true peer) he shows a brisk candour regarding his enterprise while just as craftily enlisting their complicity.

Within three months Knock turns his brand of medicine into a religion of fanatical daily observance throughout his little realm, rhapsodising about lamps burning into the night at patients' bedsides and envisioning "250 rectal thermometers lifted in unison and firmly inserted" as a perverse mass salute. At this point Walters and Beevers over-egg the pudding by imbuing Knock with moments of barking megalomania culminating in a final rubber-gloved Nuremburg tableau. It is apparent enough that the man's steely determination has both trapped and unhinged him without resorting to such coarse touches.

Doctor Knock sits comfortably within the Orange Tree'a prime constituency: a craftsmanlike production of a neglected work, chosen for entertainment rather than argument. It may not be easy to fathom why Walters is so repeatedly drawn to the play (he first staged it in 1967; Beevers has played the eponymous role in all three productions), but each new audience will no donbt find it agreeable enough.

Ian Shuttleworth

At the Orange Tree Theatre, Richmond, until November 26 (081 940 3633).

A masterly creation: Geoffrey Beevers as Doctor Knock, with Philip York

Alastair Muir

Concert/**David Murray**

The orchestra reinvented

The BBC Symphony calls its current Berlioz celebration on the South Bank, "Reinventing the Orcbestra". On Monday, again with Andrew Davis conducting, we had two striking examples of that: one by Berlioz himself, the early overture *Les Francs-juges*, and Kalja Saariaho's 1990 *Du Cristal*. The climax of the concert, however, was Berlioz's great *Te Deum*, for large orchestra, organ and triple chorus, which is not so much "reinvention" as magisterial consolidation.

Les Francs-juges went with brilliant sonorities and clatter, obviously inspired by Weber (think of the *Freischütz* overture) but no less obviously French and confidently original. Berlioz composed the first version at 23; David Cairns' excellent programme-notes speculated that in later drafts – the original is lost – it acquired authority as well as a lot more instruments.

Now, however, we know the even earlier *Messe solenelle*, "lost" but recently rediscovered, from which much music was to be recycled in his mature scores. And though it acquired refinements in its various new dresses, the pristine inventions of the original were astounding from the start: no wonder that Berlioz used to be unjustly repnted as an extraordinary orchestrator but an amateurish composer. It takes time to realise that the music and the "effects" are indissoluble.

There is no mistaking that in the *Te Deum*, where the grandeur of the "Tibi omnes" and above all the "Judex crederis" – in Cairns'a memorable phrase, "swaying between terror and splendour like the swing of an enormous bell" – are wholly musical. The Davis performance was splendid, with the Philharmonia Chorus vying with the orchestra in weight and depth, and John Aler a moving tenor soloist. The New London Children's Choir were well up to standard too.

One regretted just a little the dryness of the Royal Festival Hall acoustic. The solemn opening chords, for example, alternating between orchestra and organ, were designed for the reverberant church of St. Eustache; here there was only dead air between them. The grand organ part was well played by Malcolm Hicks, but much subdued by the closed upper doors before the organ-pipes. Surely a mistake? – even if the requirements of the live broadcast made it seem prudent. The Festival Hall organ cannot be at the opposite end from the orchestra, as Berlioz intended, but it *can* roar, and it didn't.

Miss Saariaho's *Du Cristal* is a study in soft, infinitely refined orchestral densities. It fields a synthesiser and any amount of percussion. Little by little, one perceives slow harmonic breakdown and change as if through deep water – or behind crystal, as her title suggests, or even ice (she is Finnish, and the score has a distinct Nordic atmosphere). On the surface tiny tunelets float and bob; just occasionally, the variously deployed orchestral sections come together in hammered *ostinati*.

It holds and tantalises the ear, to mysterious expressive effect. When we can hear it together with its companion-piece, a "capricious" double concerto called . . . *à la fumée*, more may be revealed. One cannot but be intrigued by learning that the solo cello-trill that ends *Du Cristal* so delicately is also the first sound in . . . *à la fumée*.

Sponsored by Land Rover.

INTERNATIONAL ARTS GUIDE

■ BONN

Oper La traviata (Oct 13, 16, 19, 23, 25, 28) marks the debut as producer of Jürgen Rose, the distinguished German stage designer. The cast is headed by Marisa Vitali, Michael Rees Davis and Thomas Mohr. Repertory also includes Jenufa, Les Contes d'Hoffmann, Antonio Carlos Gomes' opera Il guarany and a new dance drama on the Dreyfus affair (0228-773667)

■ BORDEAUX

Palais des Sports Tonight, tomorrow: Pascal Verrot conducts Orchestre National Bordeaux Aquitaine in works by Honegger, Shostakovich and Ravel, with cello soloist Boris Pergamenshikov (5648 5854)

■ COLOGNE

Schauspielhaus Tonight: revival of Günter Krämer's production of Brecht's The Good Person of Sechuan. Krämer'a production of Shakespeare's King Lear can be seen throughout the month at Halle Kalk - next performances on Fri, Sat and Sun (0221-221 8400)
Opernhaus Tonight, Sat: Handel's Agrippina. Tomorrow, Sun: Der fliegende Holländer with Wolfgang Schöne and Lisbeth Balslev. Fri: Lortzing's Der Wildschütz (0221-221 8400)
Philharmonie Tomorrow: Frank Peter Zimmermann violin recital. Sat: Meredith Monk and vocal ensemble. Sun morning, Mon and Tues evenings: Jiri Kout conducts Gürzenich Orchestra in works by Janacek, Schoenberg and Dvorak, with violin soloist Christian Altenburger. Sun evening: Hartmut Haenchen conducts C.P.E. Bach Chamber Orchestra in music by the Bach family (0221-2801)

■ COPENHAGEN

Royal Theatre Tonight, Sat, next Tues: Jan Latham-Koenig conducts Flemming Flindt's new production of Prokofiev's Love for Three Oranges. Tomorrow: Peter Schaufuss' production of La Sylphide. Fri: Hans Brenaa's production of Coppelia. Mon: John Cranko'a ballet Onegin (tel 3314 1002 fax 3312 3692)

■ DRESDEN

Semperoper Tonight, Sat: Ingo Metzmacher conducts Peter Konwitschny's new production of Un ballo in maschera, with cast headed by Luana DeVol and Mario Malagnini. Tomorrow: Ariadne auf Naxos. Fri, next Tues: La traviata. Sun: The Cunning Little Vixen. Mon: Stephan Thoss' production of Prokofiev's ballet Romeo and Juliet. Oct 23, 24, 25: Giuseppe Sinopoli conducts the Dresden Staatskapelle (0351-484 2323)

■ FRANKFURT

Oper Tonight: Die Walküre - second night of the Frankfurt Opera's new Ring cycle, staged by Herbert Wernicke and conducted by Sylvain Cambreling. Siegfried follows on Fri and Götterdämmerung on Sun. A second cycle begins next Tues, and a third on Oct 25. The cast is headed by Harald Stamm, Janis Martin and William Cochran (069-236061)
Alte Oper Tonight: Milva. Tomorrow, Fri: Dmitri Kitaenko conducts Frankfurt Radio Symphony Orchestra in works by Richard Strauss and Mahler. Sun morning, Mon evening: Wolfgang Seeliger conducts Frankfurt Opera Orchestra and Darmstadt Concert Chorus in works by Stravinsky and Orff. Next Tues: Bryan Ferry. Oct 22, 23: Riccardo Muti conducts Orchestra and Chorus of La Scala Milan (069-134 0400)
Jahrhunderthalle Hoechst Tonight: Chris Barber Jazz and Blues Band. Fri, Sat, Sun, Mon: Budapest Operetta Theatre in Kalman'a Gräfin Mariza (069-360 1240)

■ GOTHENBURG

Konserthuset Walter Weller conducts the Gothenburg Symphony Orchestra tonight and Fri in works by Wagner and Bartok, with vocal soloists Doris Soffel and Oddbjörn Tennfjord. Next Tues: Bengt Forsberg and Erik Risberg duo piano recital. Next Wed and Thurs: Neeme Järvi conducts two programmes of Scandinavian music (031-167000)
Operan The first opera production in the new theatre is Blomdahl'a 1959 opera Aniara, opening on Sat (repeated Oct 18, 20, 23, 26, 29). The first ballet is Prokofiev'a Romeo and Juliet, opening Oct 21 (031-131300)

■ HAMBURG

Staatsoper The main event this week is the first night on Sun of a new production of Rigoletto, conducted by Roberto Abbado and staged by Andreas Homoki, with a cast headed by Franz Grundheber, Mario Giordani and Hellen Kwon (repeated Oct 19, 22, 27). Repertory also includes Il trovatore, La boheme, Cosi fan tutte and the Henze/Neumeier ballet Undine. Alessandra Marc gives a song recital tonight (040-351721)
Deutsches Schauspielhaus The first new production of the season is a five-hour sequence combining Lessing'a Nathan the Wise and Marlowe's The Jew of Malta, directed by Anselm Weber. Next performances tomorrow, Sat and Sun (040-248713)

■ LEIPZIG

Gewandhaus Fri: New Bach Collegium plays Bach and Haydn. Sun: Udo Zimmermann conducts Middle German Radio Chamber Philharmonic in works by Lutoslawski, Prokofiev and Dvorak, with piano soloist Francois-Joel Thiollier. Sun (Kleiner Saal): Ysaye Quartet plays string quartets by Haydn, Schulhoff and Mendelssohn. Tues: Leonard Grin conducts Middle German Radio Symphony Orchestra in Rakhmaninov and Shostakovich, with piano soloist Vandan Mamikonian (0341-713 2280)

■ LYON

Opéra The main event this week is the first night on Sun of a new production of Berlioz's La Damnation de Faust, conducted by Kent Nagano and staged by Louis Erlo, with Susan Graham, Thomas Moser and José van Dam (repeated Oct 19, 22, 30, Nov 2, 5 and 8). Lyon Opéra Ballet presents Angelin Preljocaj's production of Prokofiev's Romeo and Juliet tonight, tomorrow, Fri, Sat, next Tues at Halle Tony Garnier (tel 7200 4545 fax 7200 4546)

■ MUNICH

Staatsoper Tonight, Tues: Tannhäuser with Heikki Siukola, Bernd Weikl, Nadine Secunde and Marilyn Schmiege. Tomorrow, next Mon and Thurs: Lucia di Lammermoor with Edita Gruberova and Dennis O'Neill. Fri: Ray Barra'a production of Minkus' ballet Don Quixote. Sat, next Fri: Nabucco with Renato Bruson and Julia Varady. Sun: Ashton's La fille mal gardée (089-221316)
Gasteig Tonight: Montserrat Caballé. Fri: St Petersburg Staatskapelle plays Mozart, Chopin and Prokofiev (089-4809 8614)
Herkulessaal der Residenz Tonight: Mischa Maisky cello recital. Mon: Zurich Chamber Orchestra plays Mozart. Tues: Marilyn Horne (089-299901)

■ OSLO

Konserthus Tomorrow: Michel Swierczewski conducts Oslo Philharmonic Orchestra in works by Gubaydulina and Lutoslawski, with violinist Stig Nilsson. Fri: Yuri Bashmet directs the Moscow Soloists: Telemann, Bach, Schnittke. Sat: Nanci Griffith (2283 3200)

■ STOCKHOLM

Konserthuset Tonight, tomorrow: Yan Pascal Tortelier conducts Royal Stockholm Philharmonic Orchestra in works by Beethoven, Prokofiev and Debussy, with violin soloist Isabelle van Keulen (tickets 08-102110 Information 08-212520)
Royal Opera Tonight, Mon and Tues: Tosca. Tomorrow: Aida. Fri: Ingvar Lidholm's Strindberg opera A Dream Play (tickets 08-248240 information 08-203515)

■ STRASBOURG

Théâtre Municipal Tonight: premiere of new Opéra du Rhin production of Salome, staged by Dieter Dorn and conducted by Friedrich Haider, with cast headed by Cynthia Makris, Philippe Rouillon, Stuart Kale and Vera Baniewicz. Repeated Oct 14, 18, 20, 22 and 24 (8875 4823)

■ STUTTGART

Staatstheater Tonight, Fri: Rolf Riehm'e opera Das Schweigen der Sirenen. Thurs: La boheme. Sat, Sun, Tues: Béjart's dance version of Die Zauberflöte (0711-221795)
Liederhalle Sun morning, Mon evening: Lü Jia conducts State Orchestra in works by Fauré, Poulenc, Messiaen and Stravinsky (0711-221795)

ARTS GUIDE

Monday: Berlin, New York and Paris.
Tuesday: Austria, Belgium, Netherlands, Switzerland, Chicago, Washington.
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Thursday: Italy, Spain, Athens, London, Prague.
Friday: Exhibitions Guide.

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FRIDAY
NBC/Super Channel: FT Reports 1230
Sky News: FT Reports 0230, 2030

SUNDAY
NBC/Super Channel: FT Reports 2230
Sky News: FT Reports 0430, 1730;

Ian Davidson

Blair's EU labours

A coherent Europe policy still eludes the UK's main political parties

Tony Blair's spectacular debut as Labour leader has started the modernisation of the party's antiquated thinking on domestic political issues. In the process, he may well trigger a rethink of the domestic political vocabulary of British politics at large. What he has not yet begun to do is to extend this modernisation process to British thinking about foreign policy, and specifically about Europe.

This is a more difficult and more urgent task than anything he has so far undertaken. The commentators applauded Mr Blair's promise to reform the Labour constitution and the Clause 4 commitment to nationalisation. But his challenge to the left is not really a heroic effort of new thinking: everybody has long known that Clause 4 is just an inert shibboleth inherited from the distant past. This was really just a piece of political theatre: easy to understand, vibrant with symbolism, but devoid of operational significance.

Europe is a different matter. This is not an ancient tabernacle of old bones, but a colossal new problem that looms ahead; and the choices that will have to be made risk splitting the country from stem to stern. But the dividing line will not be between Labour and Tory: there is a fault line which may split both parties, and indeed the whole country.

Until now, the dominant characteristic of the British debate about Europe has been a pretence that the issue can be fudged. At the fringes there is a small minority of uncompromising federalists; and opposing them is a larger minority of visceral anti-Europeans. But the middle ground is occupied by a vast flock of ostriches; they vaguely assume that the UK ought in some lukewarm sense stay "in Europe", but they hope against hope that all rigorous decisions can be avoided.

"Ostrichism" has two consequences. Neither of the main parties of government has so far been able to set out a coherent European strategy. As a result, both of them are liable to be jerked about by the atavism of the anti-Europeans.

This situation is deplorable, because it means that Britain does not really count in the grand debate on Europe's future. How could it, when the government is vaguely but incoherently anti-European, and the opposition has yet to get to grips with the question?

It is true that Mr Blair's tone on Europe is more positive than John Major's. But he still sounds like a man who is hedging his bets.

In his fullest policy statement on Europe, Mr Blair said that the UK needs a "development in Europe of the ways in which we co-operate on foreign and security policy"; and this in turn will "involve an assessment of our attitude to eastern Europe". As for the programme for economic and monetary union and a single currency, Mr Blair has said the UK should keep an open mind. These pronouncements are not a bright beacon for the confused of middle England.

Despite his positive tone, Blair still sounds like a man who is hedging his bets

Some people may think there is no rush. Labour's new leader still has time in hand to work out a thorough European policy, they believe. The moment of truth will not come until the Inter-Governmental Conference which is supposed to revise the Maastricht treaty, and it does not meet until 1996.

Such a "no hurry" attitude is based on a double fallacy, however. It is true that the IGC does not formally convene until 1996. But the outcome of the conference will to a significant degree be decided beforehand, in the preparatory debates over the agenda; and those debates are already under way, with the Germans (and the French) setting the pace as usual.

In fact, it is the Germans who are out in front, with at least two coherent blueprints for a radical shift towards a more integrated Europe in 1996: first with the report of the European structural commission financed by the Bertelsmann foundation, published in June and soon to appear in English; and more recently with the paper from the governing Christian Democrat (CDU) party.

The most fundamental question is, what is the purpose of the conference? Is it just a routine 5,000km tune-up of the Maastricht treaty in the light of experience? Or should it be, as the Germans obviously believe, a far-reaching rethink and revision of the European Union, its policies and its institutions? This fundamental choice, between a big conference and a little conference, will largely determine the agenda of 1996; and it will gradually emerge, as a result of the debates starting now.

The second fallacy in the "no rush" approach, is that it takes no account of democracy. Ratification of the Maastricht treaty was a nightmare, mainly because governments treated voters and parliaments as an after-thought. They cannot afford to repeat the experience; and governments which want a big IGC in 1996 will also want to make sure that public opinion is kept in touch with the arguments and the issues well in advance. "We want to avoid the main mistake of Maastricht," says Werner Weidenfeld, editor of the Bertelsmann report, "the almost complete absence of a public debate."

The British may imagine they can have the kind of conference they want, and prepare accordingly. Obviously Mr Major would prefer a little conference, because he is hostile to the quasi-federalist notions of the Germans. The danger is that the British may rely on foot-dragging, in the hope that they can avoid or prevent a big conference, until it is too late to prepare the voters for a different scenario. For it is probable that the UK shall face a big conference anyway, partly because a majority of member states will want it, but mainly because the European Union cannot be enlarged to the east without it.

Threat to tear apart big beast

NTT of Japan will resist plans to break it up, write **William Dawkins** and **Michiyo Nakamoto**

Nippon Telegraph and Telephone, the part-privatised Japanese telecommunications operator and the world's most valuable company, is preparing to fight off the third attempt in 10 years to break it up.

Today, UK investors will be invited to buy shares in the company – capitalised at Y13,603bn (£85bn) – when it makes its debut on the London Stock Exchange. Last month, NTT was listed in New York.

Mr Masashi Kojima, NTT's tough-talking president, hopes that success in attracting foreign investors will help fend off a break-up of the company by the Ministry of Posts and Telecommunications when its status comes up for review next spring, five years after the last such exercise.

The company wants to boost its poor international image and raise the proportion of shares in foreign hands above 1.5 per cent, a fraction of the average for leading listed Japanese companies.

At issue is how fast Japan will modernise its backward telecommunications industry, and provide companies and private subscribers with the advanced communications they need in the next decade.

The ministry wants to divide the group into a long-distance unit and one or several local monopolies to increase competition and improve efficiency. The model is AT&T in the US, which was split in 1984 into several companies that have become fiercely competitive in the home market and abroad.

NTT's detractors say that the arguments for break-up look stonger today than in 1985, when the ministry first launched a campaign to dismember the group in the run-up to partial privatisation. Japanese telecommunications lag 10 years behind the US in the scope of services, according to Jardine Fleming Securities.

Japan is, for example, well behind the US in installing digital technology in local networks, where NTT has a monopoly. Prices on long-distance calls have fallen less fast than in the US – despite competition from five private operators. The proportion of mobile phone users, where NTT has a 60 per cent share of the domestic market, is among the lowest in the developed world. Only recently has it been possible to buy a mobile phone – they had to be rented until last April.

While there is competition on trunk calls, the company's competitors allege that it has charged them unfairly high rates for connecting long-distance calls through its own local networks. And they claim that profits from the local monopoly subsidise operations in the long-distance market.

Mr Kojima denies that NTT is overcharging long-distance competitors, and points out that prices have fallen by an average of 12 per cent a year. The access charges paid by long-distance operators for using the local network are in line with those in the UK and US, he says.

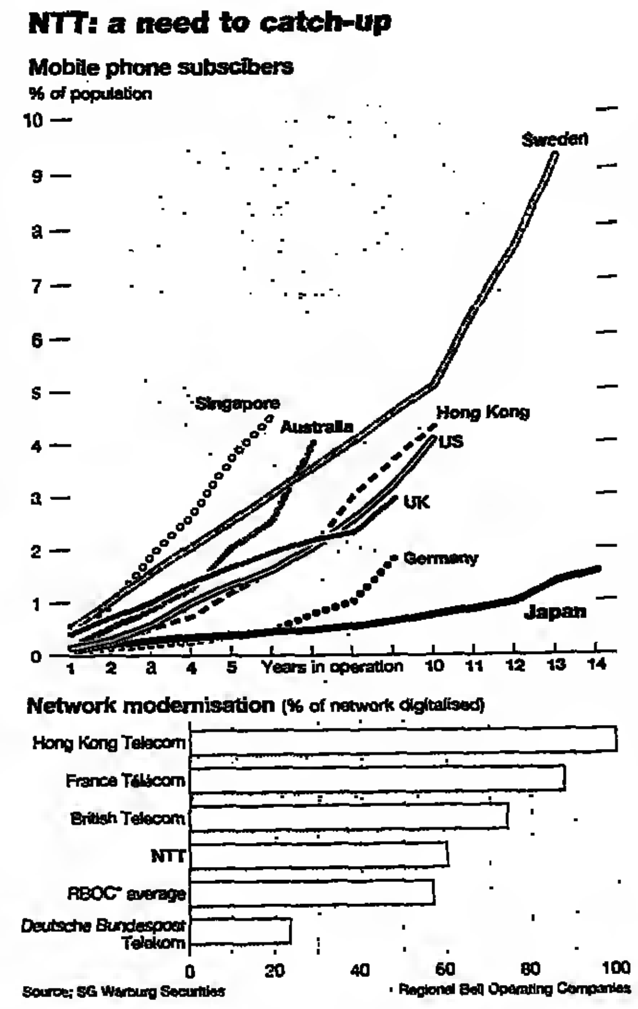
However, the competitors also allege that NTT uses its monopoly over the local network to get access to crucial business information and to delay or even thwart new services. Separating NTT's long-distance from its local business would weaken its monopoly power and force it to set lower access rates, they argue.

NTT's case for staying together is not helped by its poor financial performance. Profits have fallen for the past four years. Today's share price of Y872,000 is well below the Y1.197m at which the first tranche of the company's shares was floated in 1986.

Even at this level, the shares stand at almost 184 times this year's prospective earnings, a price/earnings ratio that is unlikely to be attractive to non-Japanese investors.

Over the next few months, Mr Kojima will try to persuade the ministry mandarins that NTT has been reborn under his guidance. The company has cut labour costs and focused on fast-growing services, such as recently deregulated mobile phones. "We used to be like an elephant. Now we are a lean, strong tiger," he says.

Securities analysts now predict a gentle profits revival next year and a strong recovery in 1996. However, the outlook for a longer-term profits recovery depends partly on persuading the ministry to agree a rise in local call rates on top of a rise in line-hire charges, likely to take effect early next year. NTT has lost money on this part of its business for 15 of the 17 years since the cost of a local call was frozen by the ministry at Y10 for three minutes – one of Japan's rare bargains.



The company has asked for an 18 per cent increase in local call charges next year or in 1996. Mr Kojima is confident that the ministry will concede a rise, perhaps slightly below this level.

The company's other main defence against dismemberment rests on the growing complexity of the tasks required of a national operator. Mr Kojima says "the situation has changed dramatically" since the last time a break-up was aired in 1990.

NTT's telephone services face growing competition from private mobile operators, at a time when the arrival of multimedia will push up research costs. With US regional telephone companies pursuing integration in response to these pressures, it would be eccentric for NTT to follow the opposite tack and split up, says Mr Kojima. Only a single group can invest the Y45,000bn needed to catch up with the US and give Japan a full multimedia network, offering services such as video on demand, home shopping and banking.

In fending off NTT's detractors, Mr Kojima has lost the support of important allies, including customers, who have become more aware of the benefits greater competition has brought in other countries.

The Keidanren, Japan's powerful business federation, has also embraced deregulation in its eagerness to drive down business costs at a time when the strength of the yen is damaging Japanese competitiveness. NTT's position as Japan's largest buyer by far of electrical equipment, with an annual budget of Y1,900bn, used to assure it of business support, but the Keidanren is now said to support an NTT break-up.

The trade unions, another old NTT ally, may be rethinking their loyalty. They helped block two previous break-up attempts, in defence of Japan's largest private sector employer and the system of lifetime employment NTT represented. That loyalty has been weakened by the company's decision last year to cut 10,000 jobs, 13 per cent of the workforce, as part of an attack on NTT's uncompetitive labour costs.

One important ally remains reluctant to split NTT: the finance ministry, which wants to sell part of its 65.6 per cent holding of the company's shares. A plan to reduce its stake to 50 per cent in 1991 had to be delayed because of the poor performance of the shares. The ministry, which is more influential politically than its telecommunications colleagues, believes keeping the company intact will maximise the price on share sales.

Whatever the outcome of the battle over the future of NTT, foreign investors are unlikely to be affected, say securities analysts. If the company were broken up into several local operators, a package of the new companies' shares would probably perform just the same as NTT over the years, says Mr Barry Dargan of S.G. Warburg, the UK merchant bank handling the listing.

Mr Kojima hopes that more foreign interest in NTT might help change telecommunications ministry mandarins' uncharitable view. "Not even the ministry can ignore public opinion," he says.

But Japan's new drive for deregulation means he faces a tough fight to justify NTT's existence in its present shape. It is evidence, for those who doubt Japan's new enthusiasm for deregulation, that even the biggest corporate beasts are being challenged.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Misguided protectionism in defence

From Mr David Henderson and Mr David Sawers.

Sir, Your feature on the forthcoming order for military helicopters from the British government ("Helicopter makers in a spin", October 6) shows that protectionism lives on in British defence procurement, despite the ample evidence of its harmful and even disastrous effects on costs and performance in the past.

The instruction to bidders that as much of the work as possible should be placed in the UK is misguided on two grounds: that it involves protection, and that it does so in an inefficient and ill-considered way.

As to the first and fundamental point, there is no valid reason to grant a subsidy to British rather than overseas elements of system costs. Each bidder could in any case be expected to place as much work in Britain as was consistent with minimising these costs. To require a higher British content would increase the prospective costs, and would mean an inefficient use of British resources.

In the competitive market that the government claims to believe in, and which it has been fostering in some areas, resources will move where their output is worth most. If resources can be used in a helicopter programme only because a subsidy is paid, they can be expected to produce less than they could in other uses.

The apparent willingness to pay a subsidy in this case may be accounted for by (1) the still-prevalent belief that products identified as "high-tech" have some semi-mystical value of their own, over and above what people are willing to pay for them, and/or (2) a tacit assumption that the resources in question would otherwise be unemployed. But the first argument is mistaken, and the second highly improbable for the skilled resources involved. If there is a problem of labour mobility, it is better dealt with by general measures than by *ad hoc* subsidies. Why should helicopter production be treated differently from coal mining?

The requirement to place as much of the work as possible in the UK is a recipe for needless inefficiency unless the relative costs of different mixes, British and foreign, are clearly brought out. It is important that in each case the bidders should have to specify which mix would minimise costs, and what increases in costs would be caused by different ways of increasing the British contribution.

Finally we hope that Bernard Gray is mistaken in supposing that it is unlikely that orders could be placed for both the Lockheed C130J and the Apache helicopter system, because buying both would be one American purchase too many for the Ministry of Defence. If the present government allowed such nationalistic sentiments to determine its decisions on defence procurement, whatever the evidence on costs and performance, it would show that it is as willing as its predecessors to waste taxpayers' money. It would also give the nation defences which are weaker than they need or ought to be.

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Home delivery is answer to stores' green damage

From Mr R E Crum.

Sir, Mr John Gummer, UK environment secretary, is trying to get supermarkets to agree on recycling; at the same time there is concern about the miles travelled by the produce they sell ("Industry may be forced to fund recycling of packaging", October 10).

What about the miles travelled by their customers and the social and environmental damage that causes? My local supermarket, just off the city centre, only welcomes cars, to the considerable detriment of the nearby residential areas. There is no direct access for public transport, and the only pedestrian access is directly across a busy dual carriageway. Absolutely classic bad planning.

Mr Gummer should do some more head-bashing and make supermarkets take action to reduce customer use of cars. To do this, they could be required to provide a delivery service. That would at least provide some inducement for people to leave their cars at home and reduce environmental damage, as well as offering help for the elderly and disabled.

Of course, if we were really modern the delivery service would, on a restricted basis, extend to telephone and computer contacts as well as personal rambles around the stores.

The central thing is that there is an ever-increasing need for government to grapple with the environmental ill-effects of supermarkets and force them to accept some responsibility for the damage they cause. A delivery service would be a good start.

R E Crum,
89 Hall Road,
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Abuse of dominance is why fine was upheld

From Mr E S Singleton.

Sir, The European Commission's record Ecu75m fine against Tetra Pak has been upheld (World Trade News: "Tetra Pak loses appeal against fine", October 7). Your report states that Tetra Pak was regarded by the Commission as "too dominant". In fact, article 86 of the Treaty of Rome does not outlaw dominance. Market dominance often occurs because a company produces products consumers want. It is the abuse of that dominant position which can result in fines of up to 10 per cent of worldwide annual group turnover under the EU competition rules.

Tetra Pak was found to have engaged in a range of practices such as discriminatory and predatory pricing, requiring purchasers of the company's machines to use only Tetra Pak manufactured cartons on the machines, excessively long leasing contracts and restrictions on re-sale of machines.

As reported, the appeal centred on the definition of the relevant market, often the hardest issue in EU competition cases. It is unfortunate that the Commission is now considering, in a new technology transfer regulation, outlawing common provisions found in patent and know-how licences for companies with larger market shares; this will increase legal costs and add uncertainty to many licensing arrangements.

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Right years for interest rate rises

From Mr Giles Radice MP.

My review ("Powerful threat of German weakness", September 29) of David Marsh's book, *Germany and Europe: The Crisis of Unity*, contained a small error. The Bundesbank increased interest rates three times in 1991 and again in July 1992, not in 1992 and 1993 as stated in the article.

Giles Radice,
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Life under the big spenders

From Mr Richard Bacon.

Sir, According to Joe Rogaly, "today's Conservative ministry has trapped itself on the shores of free-market minimalism" ("Echoes of Tory voices", October 7). Rogaly seems to have forgotten that nearly half the British economy – more than 44 per cent – is in the public sector. What would it be like under a Labour ministry, full of politicians who were actually keen on spending other people's money?

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Mopping up the sleaze

Some years ago, it might not have seemed incongruous for a British minister to boast of the unparalleled honesty of his country's politics. It does today. No government can claim to be free of self-serving behaviour by elected or appointed officials. But standards of public life in Britain have fallen too far. Mr John Major should respond by exposing past corruption, and acting to prevent future lapses.

Much of this is a matter of perception; some is proven wrongdoing. Questionable individuals have donated large sums to the Conservative party. Tory MPs have been willing to accept fees for asking parliamentary questions. Ex-ministers have joined the boards of industries privatised by their former offices, or moved to merchant banks that handled departmental business. Trading in Anglia Television shares is believed not to have profited Lord Archer personally, but he should further amplify his denials of insider dealing.

Former public officials, sitting as executives of state-owned industries, have become hugely enriched by privatisation. The network of quangos is managed in dark secrecy by ministerial placemen and women; many are redundant party functionaries or past donors to Conservative funds. Some are thought to have put business in the way of companies they previously served.

The most dramatic accusations have arisen from arms deals. This week it has been alleged that Mr Mark Thatcher, son of the then prime minister, benefited from commissions paid to middlemen who brokered the Al Yamamah arms deal with Saudi Arabia.

It is hardly surprising that 61 per cent of respondents to a Gallup poll to the Daily Telegraph agreed that the Tories appear "very sleazy and disreputable". Some of them are. Mr John Major cannot be responsible for individual actions, but he must be seen to be aware of the problem, and act to stop the rot. He could usefully begin with his predecessor.

If Mr Thatcher profited from the Saudi deal, the breach of rules for ministerial behaviour would have been his mother's. She set up the deal; no relation of hers should have profited. A public inquiry into the issue, as demanded by Labour's Mr Robin Cook, would be impossibly laborious. But Mr Major could publish the notes on Al Yamamah prepared by the then permanent secretary at the ministry of defence, the National Audit Office report, and other relevant documents. He could prevail upon Lady Thatcher to make a more detailed statement than her brief assertion of probity this week.

He could tighten the rules of ministerial behaviour, both in office and within a couple of years of leaving it, and legislate to make the quangocracy transparent and accountable. He could subject appointments to NAO scrutiny, hold all names on a publicly available national register, and publish audited accounts of all relevant bodies. He could tighten executive remuneration procedures in regulated utilities. Sleaze is a serious issue. Mr Major must tackle it.

Prize fighters

It's Nobel-tide again. The prize for medicine was awarded on Monday, that for economics yesterday, and the peace prize is expected on Friday. As usual the latter is causing the greatest controversy. According to apparently authoritative leaks, it will go jointly to Yassir Arafat and Yitzhak Rabin. One member of the awarding committee is said to be planning to resign in protest, on the grounds that Mr Arafat is a former terrorist.

The row is as depressingly predictable as the choice. A terrorist past should not in itself be a disqualification. Apart from the difficulty of defining the term, it is true that those who make war are often best placed to make peace.

No, the objection to Mr Arafat, as indeed to Mr Rabin, is that they are established national leaders whose role in "the peace process" has already been recognised *ad nauseam*. If the committee has indeed chosen them, it has acted true to the form which dictated such choices as de Klerk-Mandela (1993), Begin-Sadat (1978) or Kissinger-Le Duc Tho (1973).

Several questions suggest themselves. What are Nobel prizes for? Why are there three science prizes, one for literature, and one for peace, but none for art, music, philosophy, psychology, or any of the social sciences except (since 1968) economics? What are the credentials of those who award them? And why does the world pay so much attention?

Some of the answers lie buried with Alfred Nobel, who endowed the prizes and specified the bodies to award them in his will. On the whole those entrusted with his legacy have interpreted it imaginatively, including astronomers under physics, animal behaviourists under physiology, and historians (notably Winston Churchill) under literature.

Inevitably, in making comparisons across such enormous fields, they have to be subjective and sometimes appear capricious. Who can possibly be qualified to set the merits of a Chinese poet against those of a Colombian novelist? Yet the Swedish Academy was right to resist an early suggestion that only Europeans be considered for the literature prize. Recent awards such as that to the Egyptian novelist Naguib Mahfouz in 1988 have helped to make the western public aware that great literature is being produced in non-European languages and cultures.

When the prizegivers err it is more by striving for objectivity or what is now called political correctness than by eccentricity. They are at their best when giving the peace prize to a figure who is still controversial or embattled, as Martin Luther King was in 1964 and Andrei Sakharov in 1975; or in recognising a scientist such as Georges Charpak (physics, 1992) whose work on particle detection was hitherto little noticed, yet essential to many flashier discoveries in related disciplines.

Scandinavian subjectivity is no worse than any other sort. Any attempt to make the committees globally representative would certainly be the kiss of death.

No prizes yet

There is no Nobel prize for investment banking. But if there were, the judges would have a problem in appraising the contenders – such are the divergent theories in the industry about how to make durable profits.

The triumphant statement of half-year results issued yesterday by Barings, the UK merchant bank, throws down a gauntlet to proponents of the theory of integrated merchant banking.

Barings, which prides itself on focusing on the most lucrative markets, has delivered much better results than those rivals, such as Warburg, which have modelled themselves on the much larger US investment banks. The US banks themselves, which have already disclosed disappointing profits for the second quarter – in some case losses – are expected to show further deterioration in the third-quarter figures which are now trickling out.

The current creed of integrated investment banking is that to compete for high-margin business such as corporate advice, or placing of shares and other securities in the market, a bank needs many tools. In particular, it needs distributive power – the market presence to place those securities. That, as some have interpreted the doctrine, means participation in marketmaking, in proprietary trading, and in the latest fashions on the newest markets such as derivatives.

An implication of that trend is that banks with more capital will have a hefty advantage. They will be able better to withstand the turbulence of the markets and to extract the maximum return from the riskiest products. If the theory is correct, the middle ground occupied by medium-sized banks may become increasingly uncomfortable.

The question raised by Barings' success is whether specialisation offers a profitable alternative to integration for those banks that lack the capital to compete in the top league.

Barings' figures, which showed pre-tax profits of £54.8m compared with £35.5m in the first half last year, owe something to luck: it has had relatively little exposure to some of the most turbulent areas this year, notably the UK fixed-income market. It has also benefited from its well-judged early entry into emerging markets, particularly in Asia.

The more important test of the strategy will be whether its outperformance persists as bond markets recover, and as competition increases in Asia, and whether it succeeds in winning corporate advisory contracts without the appendages deemed necessary by its larger rivals.

The implication of Barings' results is that division of the investment banking market is already well under way: into the giants, and the specialised houses. If large scale or specialisation prove to be the best recipes for lasting profits, banks in the middle will have either to find more capital or to retreat from the most fiercely contested markets.

With domestic growth opportunities in decline, stores groups are expanding abroad, writes **Neil Buckley**

Retailers' global shopping spree

Before the decade is out, the biggest company in the world by turnover may not be a carmaker, an oil company or a computer manufacturer; it could be a retailer.

Wal-Mart, the world's biggest stores group, is forecast to increase sales from $67bn last year to $84bn (£53bn) this year and more than $100bn next year. This would put it among the world's top 10 companies – and if this growth rate continued, Wal-Mart could overtake industrial giants such as General Motors and Exxon to become the world's biggest company by the millennium.

Much of this growth will come outside Wal-Mart's US base. In the past year, the company has acquired 100 stores in Canada, begun building 40 stores in Mexico and formed a joint venture in Hong Kong from which it will expand into China. It has also announced plans to move into Argentina and Brazil, and is thought to be planning to enter Singapore, Chile and Europe.

Other retailers are following Wal-Mart in expanding internationally – evidence of the growing globalisation of the retail industry. Until recently, many stores groups were discouraged from expanding abroad by the potential pitfalls of appealing to different cultures and tastes. In a world of global manufacturers, there were few global retailers.

Some retailers have had well-publicised problems with their international ventures. They include Dixons, the UK electrical stores group, with its acquisition of the US Silo chain; Marks and Spencer, which made a costly entry into the Canadian market; and France's Printemps, whose joint venture in Japan almost went bankrupt.

The picture is changing, however. Retailers are showing a new appetite for international ventures, and the ability to carry them off. This opens up the prospect of rapid growth for those that succeed and harder times for weaker chains used to competing only against familiar, national rivals.

"If you were to list half a dozen key retailing issues for the 1990s, internationalisation would be near the top," says Mr George Wallace, chief executive of the UK-based retail consultancy, Management Horizons.

He adds that the publicity that has surrounded the problem cases has obscured the extent to which some retailers have successfully made their business more international since the 1960s. France's Promodès and Carrefour, Germany's Aldi and Tengelmann, Belgium's Delhaize, and Ahold of the Netherlands have increased the proportion of their turnover that comes from outside domestic markets through acquisitions and growth – to 70 per cent in the case of Delhaize.

Last week, J. Sainsbury, the UK's biggest food retailer, made its second foray into the US, buying 50 per cent of voting shares in Giant Food, the Washington DC-based supermarket group. Sainsbury's latest acquisition, combined with its purchase in 1987 of Shaw's, the New England chain, makes the UK group the 11th largest grocer to the US.

Other retailers have operations spread over so many countries that they can already be considered global. These include clothes retailer Benetton of Italy, Sweden's home furniture chain Ikea, Toys R Us of the US, UK clothes and food retailer Marks and Spencer, and fast food group McDonald's.

Moreover, the pace of internationalisation by retailers is quickening. In a recently published report, retail research group Corporate Intelligence says European retailers made 610 cross-border moves in the first four years of the 1990s – compared with 611 cross-border deals in the whole of the 1980s.

US retailers are also on the move, the group says. The number of US stores groups operating in Europe is 45 today, up from 15 in 1991.

Retailers with international ambitions are also emerging from east Asia. Japanese groups such as Sogo, Takashimaya and Yaohan, which have spread across Japan, Singapore, Hong Kong and Thailand, are now coming to the west.

This wave of internationalisation has been prompted by a combination of "push" and "pull" factors, according to Mr Giles Elliott, a director of Schroders merchant bank, and Mr Michael Poynor, of strategic consultancy Coba, who have advised retailers on international expansion.

The biggest "push" factor, they say, is saturation of domestic markets. While there is room for expansion at home, retailers have no need to look abroad, but that option is fast disappearing.

In the UK, for example, retail chains' share of the food retailing market jumped from 49 per cent in 1973 to 80 per cent by 1992, according to market research group AGB. A similar pattern can be seen in countries such as France, Germany, Belgium and the Netherlands.

With such levels of dominance at home, companies are moving into countries with less developed retail markets, or buying existing chains in developed markets.

The so-called "pull" factors include the falling barriers to entry into markets worldwide. The creation of a single European market of 320m consumers in 1992 allowed goods to be moved freely across pan-European distribution networks. It has made Europe a much more attractive destination for US – and Asian – retailers.

Another "pull" factor is that retailers' suppliers are becoming more international themselves. Manufacturers of consumer goods such as Unilever are restructuring manufacturing operations on a pan-European basis, and adopting international marketing campaigns. A symbol of this is the growing importance of internationally recognised brand names in consumer goods, electricals and consumer durables.

These "push" and "pull" factors, combined with increased foreign travel by consumers and the spread of cross-border mass media such as satellite television, are creating what Mr Wallace of retail consultancy Management Horizons calls "common denominators" in consumer tastes.

Mr Alan Lambert, Marks and Spencer's divisional director for continental Europe, says that not only is there now a "Euro-consumer" but also an "international consumer" for its wares. "Our best-selling products are the same in London, Madrid or Hong Kong."

However, local differences remain which retailers cannot neglect in international moves. Says Mr Wallace: "15 years ago, companies plonked a few shops down and hoped they would work. Now they take great care to analyse the local situation and local markets."

Some have found partnerships and joint ventures with local retailers the best way to expand abroad. For example, M&S formed a joint venture with local retailer Cortefiel in Spain, which helped it to find sites, get to know the market, and deal with local authorities.

Others such as Benetton, Body Shop and McDonald's have taken the franchising path. The retailer supplies the product, the name, a tried-and-tested store format and support systems, leaving local business people to run the stores.

In saturated markets such as the US, Canada, the UK, France, Germany, the Netherlands and Australia, there is limited scope for winning market share through growth. The only retailers that can expect to do so are those that are highly innovative in at least one aspect of their business: store format, shopping environment, product quality or choice, customer service, or systems and distribution methods. For others, acquisition of existing groups is likely to be a better route.

In emerging markets, acquisition targets are limited, but organic growth presents an exciting – if risky – opportunity. Accountancy Coopers & Lybrand identifies 10 target markets for retailers, divided into the "tough three", the "torrid three" and the "formidable four".

The "tough three" – Italy, South Korea and Japan – are strong economies with large middle classes, but where local restrictions have limited the degree of concentration of retailing, and entry by foreign groups. With at least some of the entry barriers expected to ease over the next few years, these markets provide significant opportunities.

The "torrid three" – experiencing rapid if volatile economic growth but with an underdeveloped retail sector – are Mexico, Turkey and Argentina. These offer even more exciting growth prospects than the "tough three", but with a moderate degree of economic risk.

The greatest political and economic risks are presented by the "formidable four" – Brazil, China, Russia and India – according to Coopers & Lybrand. They have a poor retail infrastructure, but offer retailers the most exciting prospects, with rapidly growing middle classes hungry for consumer goods.

Wal-Mart in Volgograd or Sainsbury in Shanghai may still be years away. But one of the world's biggest but most localised industries is at last coming to terms with the global marketplace.

Russia's tragicomedian

Boris Yeltsin's antics could backfire, argues **John Lloyd**

President Boris Yeltsin has long been attacked by Russia's nationalists and communists as an unworthy upholder of democracy.

They have accused him of falsifying last December's referendum result to get the constitution he wanted; and derided him for subsequently acting outside that constitution to push through measures, such as privatisation, against parliament's will.

But the disillusionment that is now taking hold among his supporters in democratic and liberal circles is altogether more worrying.

That these new critics, from the core of his power base, are finding him increasingly autocratic and unpredictable, bodes ill for his political survival. However, more than Mr Yeltsin's reputation is being damaged by the actions that have prompted their criticisms.

Russia's position on the world stage has been diminished by his recent erratic behaviour on foreign trips. And the country's need for greater domestic stability has hardly been served by the policy reversals that have come with Mr Yeltsin's *accommodation of his foes*, at the expense of his supporters.

Pro-reform ministers allege that presidential advisers are interfering or even blocking them in their efforts to introduce more liberal policies, while the president is ignoring appeals to sack those accused of corruption or authoritarian behaviour.

The president's long-serving (by Russian standards) press secretary, Mr Vyacheslav Kostikov, last week warned that Mr Yeltsin was being tempted to authoritarian measures by some of his more powerful and conservative aides – especially Mr Victor Iliushin, head of his secretariat.

Two former aides – Mr Genady Burbulis, once his right hand man and first deputy prime minister (in 1992), and Mrs Galina Starovoitova, former adviser on nationalities – have both called for the democratic movement to distance itself from him. Mr Burbulis said that there could be no question of Mr Yeltsin running again after his term expires in 1996 and that the greatest problem for democrats was to support him in ending his present term with dignity.

Mr Boris Fyodorov, who twice worked with Mr Yeltsin as finance minister, last weekend called for liberals to pass into opposition, since the administration was now becoming more communist than democratic.

However, it has been the "three embarrassments" of his recent foreign trips that have brought to a head the attacks from both the opposition and the president's former allies.

During the ceremony in Berlin to mark the withdrawal of Russian troops, Mr Yeltsin grabbed the baton from the conductor of a police band and staged an impromptu display of vigorous conducting and singing. In Washington, after meetings with President Bill Clinton, he was decidedly over-boisterous. And two weeks ago, he snubbed Mr Albert Reynolds, Irish prime minister, when he failed to descend from the aircraft at Shannon airport on his way back from the US.

Comic in themselves, these incidents add up to a potentially terrifying vision of a nuclear state's leader not in control of himself. They also undermined the purpose of Mr Yeltsin's trip to the US, which was to emphasise that Russia *is* a great power and should be seen as such.

Mr Yeltsin does represent a great power, but it is much weaker than the superpower Soviet Union and getting weaker. His initiatives on the world stage, including a proposal for deep nuclear cuts by the main nuclear powers and a push to strengthen the Conference on Security and Co-operation in Europe at the expense of Nato, have had at best non-committal reactions from the west. Were he stronger, he might command more attention for ideas which are at least interesting.

At home, Izvestiya, once his most loyal ally in the press, has ripped into him for the Germany incident, calling his behaviour "our shame". Communist deputies repeated the charge on the opening of parliament last week. And Mr Yegor Yakovlev, the veteran liberal journalist, sharpened the attack in his Obshaya Gazeta last weekend.

Mr Grigory Yavlinsky, the economic reformer who leads the Yabloko block and has been running for the presidency for more than a year, says Mr Yeltsin is a spent force: a man – who as he said himself in his recent presidential memoir, *A View from the Kremlin* – wants no more than "tranquillity" for Russia.

Mr Yeltsin can hope for little tranquillity. This year's impressive fall in inflation, achieved by slashing public expenditure, now looks like unravelling after Mr Yeltsin announced, in late summer, Rbs4,200bn worth of soft credits for the defence sector and for investment. The International Monetary Fund is sceptical about a standby agreement this year, and though foreign portfolio investment has gone up sharply, little of it has been in the form of longer-term capital.

Last week, Mr Yeltsin said he would not seek to delay the June 1996 presidential election, but did not say if he would stand. Whether he does or not, from now on the pressures on him will include those from the pretenders to his chair.

No one really knows how resilient Mr Yeltsin will prove to be. For every expert who knows he is a hopeless, even a fatally ill, alcoholic, there is another who knows he is a strong if moody man, who likes a drink.

OBSERVER

Flattering philately

■ Calling all philatelists. Watch out for a special issue from Italy on November 21 which could be very short-lived. The Berlusconi government, as if it didn't have bigger problems on its hands, has now approved a new stamp depicting the philosopher Giovanni Gentile. Nothing wrong to that, surely?

Except that Gentile was hardly a gentle spirit. In fact, he joined Benito Mussolini's fascist party, serving as minister of education between 1922-24, eventually being murdered in 1944.

The stamp was ordered by the neo-fascist minister of post and communications, Giuseppe Tatarella. Not surprisingly, the Italian Federation of Partisan Associations and the National Association of Italian Partisans have asked the ministry to withdraw the stamp.

Gentile would no doubt have loved all the fuss. An idealist philosopher, he denied the existence of individual minds and of any distinction between past and present. QED, eh?

If only...

■ Observer doesn't want to deflate yesterday's excellent figures from Barings. But they could have been better if it had played its cards right.

Some time ago Jardine Matheson, the ancient Hong Kong trading house, was looking for a partner for a new Hong Kong merchant bank. Apparently, Barings was offered the chance but let the idea slip. Robert Fleming stepped in. For a total investment of less than £1m, Fleming now owns a half share in the Far East's most profitable merchant bank. Jardine Fleming today contributes about 40 per cent of Fleming's total profits, which were more than double those of Barings last year.

Rugby balls

■ The appointment of Dalgety marketing whiz Jack Rowell – who also finds time to manage England's rugby team – to the board of biotechnology company Celsis reminds Observer of a bruising tale of corporate hospitality.

Celsis was founded by Ferrari-driving biotechnology mogul Chris Evans, whose other passion is rugby. So devoted to the sport is Evans that he loses no opportunity to take large groups of fund managers, investment analysts and even journalists to a game. He also invites old chums from his home town of Port Talbot, as well as a sprinkling of retired rugby stars.

The scheme backfired last season, when a party of 30 or so City types and steel-workers descended on Cardiff for a match. Unfortunately their tickets were dud; faces were as red as the Ferrari's paintwork as they were turned away.

Old banger

■ Cabinet ministers enjoy revealing new policies at the Conservative party conference, even when the "new" is actually just the old, dusted off a little.

Yesterday at Bournemouth, transport secretary Brian Mawhinney gave literal extension to that metaphor, by saying that vintage car owners will be consulted over widening the application of vehicle excise duty to their old jalopies.

As a vote-catching vehicle it looks a little rusty.

Putt it there

■ UK health science group seeks energetic executives with sporting expertise. Good handicap essential.

Amersham International may have scored a hole-in-one through its link-up yesterday with Sumitomo Chemical of Japan, but it has one problem – no golfers on the board. "Someone is going to have to learn," says chief executive Bill Castell, whose Japanese counterpart has a handicap of less than 10.

But he shouldn't have too much of a problem. While the directors are golfing duffers, the group has won the UK Pharmaceutical Golf Championships for two years running. "I'm amazed," Castell adds. "I don't know when the staff get the time."

On guard

■ Good news for left-leaning oldies. Tony Blair has appointed an adviser older than himself. Derek Scott, 47, who is married to Channel Four's political editor Elinor Goodman and is one of BZW's economic boffins, has taken on a job-share as Blair's economics adviser.

Scott, who will continue at BZW, is not known as one of the City's great economics thinkers – but then who is? But he comes highly recommended by Lord Healey, Labour's last chancellor. Scott was Healey's numbers man; Healey says to his autobiography that Scott did him "yeoman service because he could argue with the Treasury without losing its confidence".

Yeoman? We thought Blair was hiring praetorians. Still, they're all spear-carriers, aren't they?

Easy access

■ Who said resigning has gone out of fashion? Not in New Zealand it hasn't, where Jeff Chapman has given up his job as auditor general, following TV reports that he has defaulted on credit card payments of NZ$23,000 (about £8,850). The serious fraud office is also looking into dealings involving up to NZ$60,000 of audit office funds.

Chapman was responsible for scrutinising the financial statements of government departments, local authorities and most government-controlled corporations, boards and companies. All over New Zealand, the sound of calculators can be heard, clicking late into the night...

Virgin pickle

■ First Virgin vodka, now Virgin cola. Virgin units can't be far behind. Virgin on the ridiculous obviously beckons.

FINANCIAL TIMES
Wednesday October 12 1994

Germany's engineering union claims 6% rise for 3.8m workers

By Quentin Peel in Bonn

The German engineering workers' union IG Metall called yesterday for a 6 per cent pay rise next year, and flatly rejected any attempt by employers to delay the introduction of a 35-hour week.

Mr Klaus Zwickel, the union's leader, said the claim was justified by the gathering economic recovery, rising productivity after mass redundancies over the past two years and the need to give further stimulation to consumer demand.

The demand was immediately condemned by the engineering employers as "illusory", and as the wrong signal for the forthcoming pay round. The employers want the 35-hour week – due to be introduced from next October – to be renegotiated in order to keep down costs in Germany's most important export industry.

The 6 per cent pay claim, which affects some 3.8m workers in the industry, is based on forecasts by IG Metall of consumer price inflation next year of 2.5 per cent, and productivity growth of 3.5 per cent. It amounts to a recommendation to all the union's regional branches, which then submit their own precise claims and negotiate with the employers.

Mr Zwickel defended the proposed rise as an important way of stimulating the economic recovery and boosting consumer spending. "People who have suffered from three years of net reductions in their income have simply postponed their plans to buy new cars, refrigerators, and washing machines for longer and longer," he said.

"The greatest brake on our economic recovery is [the lack of] private consumption. A significant increase in wages would support internal demand, secure existing jobs and create new ones."

His argument was rejected by Mr Dieter Kirchner, chief executive of Gesamtmetall, the engineering employers' federation, who insisted that cost cutting remained the employers' highest priority in order to save jobs in the industry.

The claim also became election campaign material, with Mr Günter Rexrodt, the Free Democratic party economics minister, saying flexible hours should have precedence over wage rises to promote Germany's industrial competitiveness.

However, the need to stimulate domestic demand is a plank of the election platform of the opposition Social Democratic party.

Mr Zwickel insisted that the present trend towards shorter working hours must be maintained in order to create the opportunity for more jobs. For that reason he rejected the employers' move to reopen the debate on the 35-hour week, which was won by IG Metall after a seven-week strike in 1984.

That strike secured the union a staged move to a 35-hour week and has reduced the working week progressively from 40 hours to the present 36.

In spite of the confrontational tone of the union and employers' statements, there is considerable common ground between them. Both stress the need to preserve existing jobs, and both are likely to maintain the deal on flexible cuts in working hours, without full wage compensation.

Mr Zwickel said that far from slowing down, the reduction in jobs in the engineering industry was still continuing, with total employment in the second quarter of the year down 7.1 per cent compared with 1993.

Software companies offer rewards to combat piracy

By Andrew Adonis

Leading software companies are offering rewards of up to £2,500 ($3,950) to informers prepared to expose companies in the UK illegally copying software, in a crackdown on piracy estimated to be costing them nearly $500m last year.

The British are law-abiding compared with the French and Spanish when it comes to software piracy in Europe, according to the Business Software Alliance (BSA), which represents such software groups as Microsoft, Novell and Lotus.

It claims Spanish companies pay for hardly any of the software they use, with the piracy rate – in the form of applications copied illegally – equal last year to 88 per cent of software consumed.

France, it says, has a piracy rate of 66 per cent of consumption, while in Britain the rate is 49 per cent, with only Austria and Switzerland having better records in the European league.

Italy used to be a piracy black spot, but the BSA says it is reforming. Its piracy rate has dropped sharply – to 50 per cent last year from 86 per cent in 1992. The BSA attributes the change to new copyright legislation.

Piracy rates are calculated by comparing hardware sales and average software consumption against payments for software.

To counter piracy in the UK, the BSA is offering rewards for information leading to successful prosecutions.

It is encouraging staff to phone a piracy hotline if they believe their company is using illegally copied software. With only a tiny number of successful prosecutions so far, it hopes that rewards will have the same impact in the UK as in Australia, where their introduction to encourage informers led to six successful prosecutions within six months.

Mr Evan Cox, BSA's European counsel, said: "Software theft continues to plague the industry; the software crimeline is going to hit thieves very hard."

Piracy in Europe is far lower than in parts of the world with lax copyright or enforcement rules. According to the alliance, four countries had a 99 per cent piracy rate last year: Indonesia, Thailand, Pakistan and the United Arab Emirates.

The passage in 1992 of an EU software directive designed to outlaw software piracy has led to the tightening up of copyright laws in many European countries. But policing the copying of software remains a significant problem for suppliers.

The BSA says that in North America the industry lost £1.6bn last year through piracy. In Asia losses totalled £2.6bn while in Europe the figure was £3.2bn.

Tories split over Europe

Continued from Page 1

ministers – including in the cabinet Mr Michael Portillo, Mr Peter Lilley and Mr John Redwood – are understood to believe that Britain should not accept any further integration at the 1996 conference.

Speaking at a fringe meeting organised by the right-wing Selsdon Group, Mr Lamont said he was not advocating immediate withdrawal. But he added: "Britain is on a collision course unless we find a means of resolving the different aspirations".

He suggested that at the 1996 conference Britain should opt for one of three alternative strategies: declaring it would accept no further moves towards a federal Europe; opting for membership of the European Economic Area rather than the Union; or negotiating an outer tier of EU membership.

Games lead to Nobel prize

Continued from Page 1

mathematical models. But the basic themes are relatively simple. A Nash Equilibrium, formulated by Dr Nash in 1951, defines stalemate in a "non-co-operative" game.

In poker, this would mean that each player would make the same bid, even if they could see everyone else's cards, and knew what everyone else was going to bid. Nothing that a player could do would affect the other players' bids.

Dr Harsanyi refined the concept to stretch to situations in which some players know more than others; for example, where one person might look at another player's hand. He also pointed out that games might be expected to run more smoothly if everybody agreed on the rules at the start.

On news of receiving the award, he said from his home in Berkeley, California: "I'm very surprised, very pleased. I'm particularly pleased that the two other people who got it are people working in the same field."

Dr Selten took game theory a step further, showing how players' behaviour might change if they knew they were going to play again the next day. He also contributed the "chain-store paradox", which helps to explain why well-known, profitable players may be willing to lose a lot of money to scare off minor competition, if it helps to stop others from trying the same thing.

"It is a great day for game theory," commented Professor Richard Zeckhauser, a fellow game theoretician at Harvard University. "All three are giants in the field: they made a great contribution to defining solution concepts."

Together, the three economists have helped to show that many problems can be construed as games. Work continues on applying these techniques to real life.

Rouble fall

Continued from Page 1

minister of finance, and fierce critic of the present administration, said:"For 10 months the government has been talking about reforms but apart from privatisation it has done nothing. The markets reflect the real situation in the country; that everything is getting worse and we have a government of mediocre and drifting economic policy."

Mr Victor Gerashchenko, chairman of the central bank, rejected suggestions that the rouble might fall to 5,000-6,000 to the dollar by the end of the year and dismissed out of hand Mr Fyodorov's prediction that it would rise to 12,000.

THE LEX COLUMN

Chrysler cruises ahead

Of the big three US car manufacturers, Chrysler was the one deemed most likely to collapse during the last recession. But the company was so successful in responding to the crisis that it quickly evolved into investors' favoured stock in the sector. Its shares have outperformed the market by a factor of three in so many years, and the automotive sector by 100 per cent.

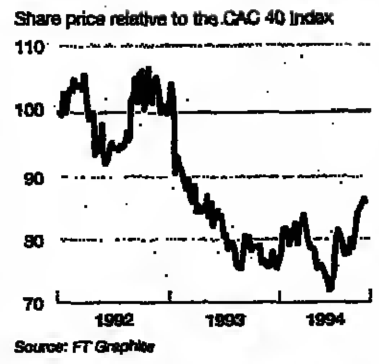
The out-performance of Chrysler's shares, along with that of Ford and General Motors, came to a halt early this year; since then the shares have fallen back sharply amid worries about rising interest rates and the scale of recovery in the US car market. Yesterday's record third quarter results from Chrysler reflect the impact of good luck and good management – good luck because Chrysler is traditionally strong in the buoyant sports utility segment of the market, good management because of the group's success in introducing new models such as the Neon and the Grand Cherokee at the right point in the cycle.

The figures also raise the question as to whether the correction in US auto share prices has been premature. True, history suggests that automotive stocks should be sold well before the cyclical peak. But that peak now looks more distant than was thought earlier. Analysts now predict the turn in US car sales will not come until well into 1996. A small further increase in interest rates will hit investor sentiment, but is not likely lead to a material downturn in sales. Thus US car manufacturers look undervalued on a multiple of six times consensus earnings for next year, a discount of more than 50 per cent to the market as a whole.

FT-SE Index: 3073.0 (+40.7)

Sanofi

Share price relative to the CAC 40 Index



Source: FT Graphite

Barings

The 54 per cent jump in Barings' first quarter results prompts the question whether they must know something which a struggling Warburg does not. Perhaps the secret of success in investment banking is to eschew market-making in securities, focus on lucrative niches and steer clear of low-margin businesses. But such a strategy has long been closed to a bank of Warburg's size. It is also easy to exaggerate Barings' triumph. The mere fact that it has had a good first half, helped incidentally by the fees from a number of one-off deals such as the 3i flotation, does not say much for the quality of its earnings.

Barings' profits have fluctuated wildly in recent years, from £66m in 1989 to £21m in 1992 and £100m last year. Nor is net return on capital outstanding at slightly over 20 per cent. Barings itself admits the need for a higher return to compensate for the volatility of its profits flow.

Here, it becomes just like any other merchant bank. It must be continuously on the look-out for new high margin business, even in the emerging markets in which it specialises, and it must remain on its guard against rising costs. Administrative expenses rose 33 per cent in the first half, which partly reflects the sunk costs of its emerging market network. Barings assumes its return will improve as that investment continues to come good. If so, its strategy will be vindicated. If not, and bond markets eventually recover, a fickle City might one day end up lavishing praise instead on Warburg for its clever skills on proprietary trading.

Amersham/Sumitomo

The logic behind yesterday's first step by Amersham towards a radio-pharmaceuticals joint-venture with Sumitomo Chemical is convincing. The deal fills Amersham's strategic gap in the world's second largest market, which is expanding at 15 per cent a year. It gives the British group local manufacturing and distribution, important in Japan where physicians prefer prescribing a particular form of product that has an especially short shelf-life and so cannot be imported. Access to the fruits of Sumitomo's R&D efforts could eventually prove handy. At a maximum of 26 times historic earnings, the price does not seem steep for a Japanese company.

Such deals are not easy in Japan. Amersham has limited any risks by taking particular care to smooth the venture with its established partner Chugai. The transaction is also a feather in the cap for Morgan Stanley. Investment bankers have been attempting to tie up such deals for many years. Few have succeeded.

For Sumitomo, the move is good news after a run of bad. Sales of Sumiferon, its top-selling interferon, have tumbled since March when the government warned that the drug could cause severe depression and then cut the medicine's price by 19.5 per cent. The recent decisions by SmithKline Beecham, Zeneca and Upjohn to dissolve their respective joint ventures with Sumitomo have also wounded. Although Amersham's link-up is to be welcomed, it does not secure the long term future of the pharmaceuticals subsidiary. Sumitomo Chemical may be a giant, but its drugs wing remains a pharmaceuticals pigmy. Other Western companies looking to increase their presence in Japan might consider approaching the group to forge a more permanent alliance.

Sanofi

Sanofi's sale of its bio-industries and rendering businesses to Viag of Germany kills two birds with one stone. It constitutes a strategic withdrawal from a low margin activity, at a fair price of 0.9 times sales and 12.5 times operating profits. It is also a logical move following the French group's acquisition in July of Sterling Drug's pharmaceutical activities. The purpose of that transaction was to give new direction to a group whose lack of focus had been heavily penalised by investors. Management then promised to finance the purchase with asset sales; had these not taken place there would have been further damage to the group's credibility. As it is, the Sterling deal is now likely to enhance earnings by next year, as Sanofi forces through cost-savings in the area of overlap with its existing pharmaceutical business. The resulting earnings momentum should help tide Sanofi over until a new generation of promising drugs comes on stream in two to three years' time.

Viag's desire to diversify is less easy to understand. It has no existing interest in bio-industries or rendering, and one might have expected it to be busy enough digesting Bayernwerk, the recently acquired Bavarian utility.

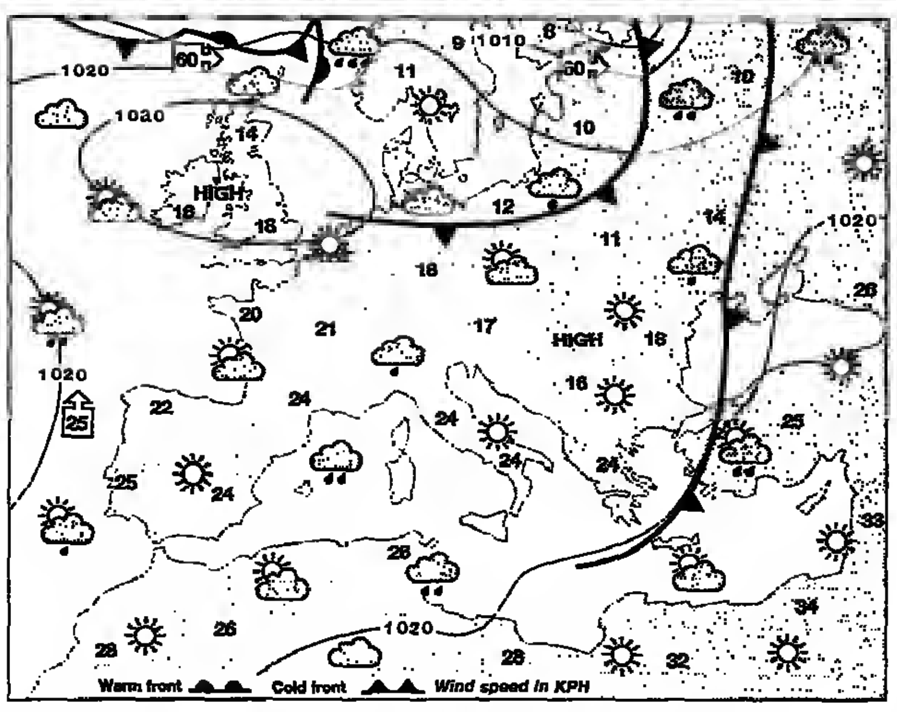
FT WEATHER GUIDE

Europe today

High pressure will continue to bring calm and fair weather to the British Isles, the Benelux, Germany, Poland and the Balkans. Sunshine will be plentiful, but morning fog will be common. A cold front over Finland, the Baltics and northern Poland will produce some rain and near-gale westerly winds over the Gulf of Bothnia. It will be rainy along the Norwegian coast as another cold front approaches from the west. It will be calmer with patchy fog in southern Scandinavia and Denmark. South-west France, the west coast of Portugal, Tunisia and western Turkey will have some rain or showers. It will be sunny elsewhere in the Mediterranean.

Five-day forecast

High pressure will continue to dominate western Europe. It will remain calm and fair over the British Isles, the Benelux, Germany and the Balkans. Depressions moving over northern Europe will lead to very unsettled and cool conditions in Scandinavia. Western Turkey will have some showers, but it will be dry and sunny elsewhere in the Mediterranean.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

	Maximum		Beijing	sun	24	Caracas	fair	31	Faro	fair	24	Madrid	fair	24	Rangoon	cloudy	33
	Celsius		Belfast	sun	14	Cardiff	fair	16	Frankfurt	fair	19	Majorca	shower	25	Reykjavik	rain	8
Abu Dhabi	sun	34	Belgrade	sun	16	Casablanca	sun	24	Geneva	fair	19	Malta	shower	26	Rio	cloudy	24
Accra	fair	32	Berlin	sun	15	Chicago	fair	15	Gibraltar	sun	23	Manchester	fair	17	Rome	sun	24
Algiers	fair	26	Bermuda	shower	26	Cologne	sun	20	Glasgow	fair	15	Manila	thund	33	S. Frsco	fair	21
Amsterdam	fair	16	Bogota	rain	15	Dakar	sun	29	Hamburg	fair	14	Melbourne	rain	14	Seoul	fair	24
Athens	cloudy	24	Bombay	fair	33	Dallas	sun	26	Helsinki	windy	8	Mexico City	cloudy	21	Singapore	rain	31
Atlanta	sun	20	Brussels	fair	18	Delhi	sun	32	Hong Kong	fair	31	Miami	thund	29	Stockholm	fair	9
B. Aires	rain	16	Budapest	hazy	14	Dubai	sun	34	Honolulu	fair	31	Milan	hazy	15	Strasbourg	fair	18
B.ham	fair	16	C.hagen	sun	12	Dublin	sun	15	Istanbul	shower	20	Montreal	sun	17	Sydney	fair	23
Bangkok	fair	34	Cairo	sun	34	Dubrovnik	fair	23	Jakarta	fair	34	Moscow	cloudy	10	Tangier	sun	24
Barcelona	cloudy	22	Cape Town	sun	22	Edinburgh	sun	15	Jersey	cloudy	18	Munich	fair	18	Tel Aviv	sun	34
									Karachi	sun	36	Nairobi	cloudy	26	Tokyo	fair	24
									Kuwait	sun	37	Naples	sun	25	Toronto	fair	16
									L. Angeles	fair	23	Nassau	fair	30	Vancouver	cloudy	18
									Las Palmas	fair	27	New York	sun	20	Venice	fair	19
									Lima	cloudy	22	Nice	sun	22	Vienna	fair	17
									Lisbon	cloudy	25	Nicosia	shower	32	Warsaw	fair	14
									London	fair	15	Oslo	fair	11	Washington	sun	21
									Lux.bourg	fair	18	Paris	fair	21	Wellington	shower	12
									Lyon	fair	22	Perth	fair	24	Winnipeg	cloudy	11
									Madeira	shower	25	Prague	fog	12	Zurich	shower	17

FINANCIAL TIMES
COMPANIES & MARKETS
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Wednesday October 12 1994

IN BRIEF

Amersham takes Japanese stake

Amersham International yesterday took a stride towards becoming a global healthcare business by paying Y8.52bn ($85m) for a 22 per cent stake in Nihon Medi+Physics, Japan's largest manufacturer of "nuclear medicines". Page 24

US hospital group to pay $2bn for rival
National Medical Enterprises, one of the biggest US hospital groups, is to pay nearly $2bn in cash and stock for American Medical, another large hospital chain. The deal comes just a week after National Medical lost out to Columbia/HCA, the US's biggest hospital company, in a $3.5bn bidding war for HealthTrust, which owns 116 hospitals. Page 20

UAP profits fall 22%
Union des Assurances de Paris, one of France's largest insurance groups, yesterday reported consolidated profits down 22 per cent to FFr853m ($161.55m) in the first six months of the year. The figures included a substantial charge triggered by a jump in goodwill amortisation.

Europe lags US in M&A recovery
Merger and acquisition activity in Europe fell in the third quarter of this year to the lowest level this decade, although there was a sharp upturn in the US, according to Securities Data, s leading compiler of league tables of investment banks. Page 20

News Corp to modify status of new shares
Mr Rupert Murdoch's News Corporation has bowed to investor pressure and agreed to modify its plan for a one-for-two issue of limited voting preference shares. Page 21

Kvaerner lowers forecasts
Kvaerner, Norway's second largest stock market-listed company, warned yesterday that losses on a project by the oil and gas division, along with restructuring costs, would damage profits for the first eight months of this year. Page 20

International Paper posts 47% increase
The strength of the upswing in the US paper cycle was underlined yesterday by a 47 per cent jump in third-quarter net earnings at International Paper,. the world's largest paper company. Page 20

Cellular phones help Motorola rise 50%
Worldwide demand for cellular telephones belped to boost Motorola's sales and earnings to record levels for the third quarter and year to date. Page 22

Sanyo Securities plans Y20bn rights issue
Sanyo Securities, the troubled Japanese broker, yesterday announced it would raise Y20bn ($198m) through a rights issue to its three leading creditor banks – Nippon Credit Bank, Bank of Tokyo and Daiwa Bank – and Nomura Securities, its largest sbareholder. Page 22

Intel calls on AMD to stop chip shipments
Intel has called on rival Advanced Micro Devices to halt shipments of the microprocessor chips it sells to personal computer manufacturers. The move follows a US court ruling that a small element of the "microcode" contained in AMD's 486 microprocessors infringes Intel copyright. Page 22

Companies in this issue

Market Statistics

Chief price changes yesterday

FRANKFURT (DM)

Rises			
Asko	820	+	30
Beiersdorf	1045	+	39
Hamburg Elect	223	+	41
Hochtief	1010	+	45
Schering	936	+	40
Falls			
Colonia Konzern	1170	-	50

NEW YORK ($)

Rises			
Caterpillar	55¾	+	2¾
Deere	70½	+	2
Digital Equip	29¼	+	1½
Motorola	54¾	+	1⅜
PepsiCo	34¾	+	1⅛
Falls			
Upjohn	30¼	-	1¼

PARIS (FFr)

Rises			
Canal Plus	840	+	28
Chargeurs	1339	+	39
Fonc Lyonnaise	619	+	29
Pinault Printem	935	+	25
Radiotechn	527	+	17
Falls			
Sagem	2534	-	58

TOKYO (Yen)

Rises			
Fujitsu	1110	+	30
Hitachi	1010	+	20
Seibu Railway	4080	+	50
Sony	6060	+	100
TDK	4580	+	110
Falls			
Tokyo Style	1620	-	50

New York prices at 12.30 pm.

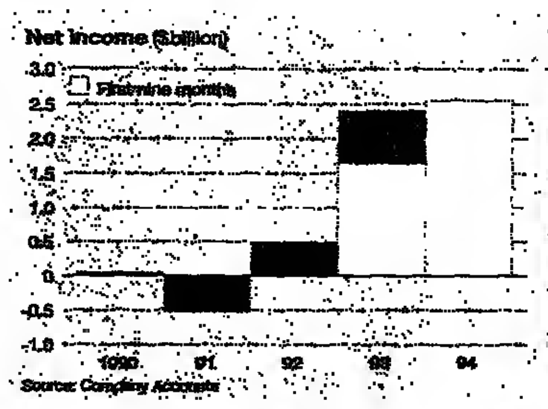
LONDON (Pence)

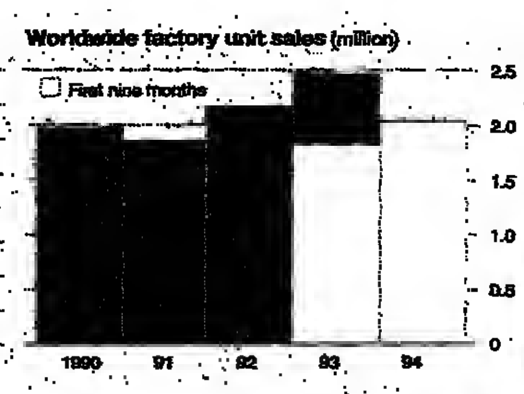
Rises			
Barratt Dev	193	+	12
Beazer Homes	140	+	12
Bellwinstoe	54	+	6
Brown Dolphin	134	+	8
Cable & Wireless	415	+	20
Calor	261	+	10
FR Group	290	+	12
Frost Group	225	+	15
Hambro C'wide	42	+	3
Lovell (YJ)	74	+	7
MFI Furniture	136	+	9
McAlpine (A)	211	+	15
Photo-Me Intl	225	+	10
Radiant Metal	88	+	8
Shelton (Martin)	116	+	6
Taunton Cider	189	+	8
Tay Homes	183	+	20
Tullow Oil	43½	+	3
Falls			
Airflow Streamline	125	-	7
Asprey	135	-	17
Beckman (A)	44	-	4
Lendu	40	-	3
Stanhope	11	-	3
Welpac	14	-	3

Recovery at smallest of US big three car groups - 'the world turned upside down'

Chrysler soars to $615m in quarter

By Richard Waters in New York






Robert Eaton chairman

Chrysler, the smallest of the US's three big carmakers, reported a 54 per cent jump in profits for the latest quarter as demand for the company's most popular models in North America continued to outstrip supply.

The company's after-tax earnings of $651m, or $1.60 a share fully dilnted, compared with $423m, or $1.04, a year before, about $100m ahead of Wall Street estimates.

The news raised optimism about the North American car market and lifted the shares of rivals General Motors and Ford. The three are expected to report total net income of about $2bn – more than three times the level of a year ago.

Chrysler said it expected demand in the US and Canada to remain strong for the next two years, in spite of the potential dampening of consumer demand caused by the rise in US interest rates this year.

Mr Thomas Capo, treasurer, said: "We believe there has been a lot of pent-up demand in the North American car business over the past couple of years," and that meeting this demand would sustain sales at higher levels for some time.

The strong sales strengthened Chrysler's balance sheet, reinforcing its position as the most financially secure of the big three. "It's the world turned upside down," said Mr David Healy, analyst at S.G. Warburg in New York. "Three or four years ago, they [Chrysler] were the weak one, and GM was the tower of strength."

The third-quarter jump in profits came on the back of $11.7bn in sales, up from $9.7bn a year before. Vehicles sold rose 15 per cent to 593,757. Due to demand, the incentives offered for each vehicla sold fell to $520, from about $600 in the second quarter and $775 a year ago.

The advance stems in part from the fact that some of its newer models are category leaders. Its Jeep Grand Cherokee, one of the most songbt-after four-wheel drive vehicles, is "literally sold out", Mr Capo said. Chrysler is adding a third shift next month to lift production.

Inventory levels of the Grand Cherokee had fallen to 23 days' supply by the end of September, with fewer in dealers's showrooms, he said. Inventory of the Jeep Wrangler had slipped to 27 days and the Neon, the company's biggest-selling small car, to 34 days. This compares with normal inventory levels at Chrysler of 60 days for cars and 70 days for trucks.

The company said it would add capacity for a further 500,000 vehicles over the next year. However, since this will come mainly from adding additional shifts or retooling, it would add little to fixed costs and add only 30,000 vehicles a year to the company's break-even level.

It bad $6.6bn of casb and short-term securities at the end of September, np from $4.5bn a year ago and putting it within reach of its target of $7.5bn.

Lex, Page 18

Viag buys Sanofi's additive businesses

By Daniel Green in London

Elf Sanofi, the drugs and beauty products subsidiary of French chemicals group Elf Aquitaine, yesterday took another step in a disposals programme designed to raise more than $1bn.

The bio-industries and rendering businesses were sold to Viag, the Munich-based German industrial and energy conglomerate, for FFr4.4bn ($830m). The businesses supply the food industry with additives such as pectin and xanthan gum.

Sanofi embarked on the disposals programme when it bought Sterling Winthrop's prescription pharmacentical activities from Eastman Kodak for $1.68bn in June. "We decided to sell all our bio-activities," said Mr Jean-Francois Dehecq, Sanofi's chairman and chief executive.

Mr Jean-Claude Leroy, Sanofi finance director, said Sanofi hoped to sign agreements for the sale of its remaining bio-activities by the end of the year. It aims to raise FFr6.5bn from the sale of the portfolio.

The company is also making disposals from its beanty side, and plans to sell its 46 per cent shareholding in tha Entremont cheese-making business.

Mr Leroy said Viag would pay Sanofi by December 31, so Sanofi would have to carry financing charges for the Sterling acquisition until then.

The food additives business had sales in 1993 of FFr3.3bn. Sales to food manufacturers accounted for 80 per cent of revenues. The rendering business, which processes 1.5m tonnes of meat and fish by-products annually, had sales of FFr1.5bn.

Viag's acquisition will strengthen its position in food additives and in the French market. Its new food additives division is to become part of the SKW Trostberg chemicals division, making it the company's third largest after industrial trading and energy.

Mr Dehecq said once the disposals were accomplished Sanofi would have completed its transition to a business with two industrial divisions – prescription pharmaceuticals and medical diagnostics, and beauty products.

Sanofi shares had bean suspended ahead of the company's announcement of the sale. When trading restarted the shares rose FFr3.1 to FFr241.2.

Shares in Viag, which is quoted in Frankfurt, rose DM7.5 to DM497.

Lex, Page 18

Barings bucks the trend with 54% first-half advance

By Nicholas Denton in London

Barings yesterday bucked the trend among UK merchant banks by reporting a 54 per cent increase in pre-tax profits from £35.5m to £54.8m ($86.6m) in the half year to June 30.

The advance contrasted with the lower profits reported last week by S.G. Warburg and signalled by Hambros. Mr Peter Baring, chairman, said: "This is a very satisfactory result in much more difficult market conditions than those of 1993." He added: "I'm conscious that we have had a very good 18-month period and, life being what it is, you can't maintain that."

Barings reported a strong performance in corporate finance, lifted by the role advising Lloyds Bank on its proposed acquisition of Cheltenham & Gloucester Building Society. Income from fees and commissions rose 47 per cent to £238.8m.

Barings, like Warburg and Hambros, described market conditions as "turbulent" but said its money market and fixed income businesses had "coped well". Net dealing income, which fell at other banks, grew 16 per cent to £63.6m. The company suffered relatively bttle because its main securities broking business is in Asia rather than North America and western Europe.

Mr Andrew Tuckey, chairman of Baring Brothers, the merchant bank subsidiary, described Barings' involvement in bonds, which have fallen this year, as "specialised and modest". Dillon Read, the US investment bank of which the group owns 40 per cent, produced lower profits in the first half but Barings said the performance was significantly better than many of its counterparts on Wall Street.

Mr Baring said Barings bad avoided markets where losses were made recently and those in mature economies where competition between market makers was tough. "I think we chose the right things to do and avoided the wrong things," he said.

Lex, Page 18

Tiphook's main lenders drawn into US lawsuit

By Simon Davies in London

National Westminster Bank and Commerzbank, the two largest lenders to the British transport leasing group Tiphook, have been drawn into a $700m US class action suit against the company.

The lawsuit claims the banks helped to mislead US investors to enable Tiphook to raise capital to repay loans.

Two former non-executive directors, Sir Charles Powell, Lady Thatcher's former foreign affairs adviser and now a non-executive director of NatWest, and Mr Martin Kohlhaussen, Commerzbank's chairman, are also named as defendants, as representatives of those banks.

The move appears to be an attempt to achieve a larger and quicker settlement, as Tiphook's financial standing is effectively controlled by its banks.

The original legal action was filed in January on behalf of US investors who took np three tranches of bond issues between November 1992 and April 1993, raising $700m for the company.

The named defendants included Mr Robert Montague, Tipbook's chief executive and founder, several executive directors, and the underwriters to the bond issues. The investors claim they were sold Tiphook bonds and shares on the basis of "materially false and misleading" information.

Sir Charles and Mr Kohlhaussen resigned "with regret" from Tipbook on March 10. Legal reasons were cited, connected to Tipbook's new bank arrangements, but there were previous potential conflicts of interest, as their banks were the prime recipients of the funds raised.

The action claims: "Tiphook's lead lenders were represented on Tiphook's board of directors by their own senior directors and were thus aware of the true distressed condition of the company. These lenders pressured the company to repay Tiphook's bank indebtedness to these institutions with indebtedness financed by unsuspecting public investors in the United States."

An initial status and settlement conference on the case has been called for October 18, to set the timetable for the proceedings.

Tiphook has consistently stated that the accusations will be "vigoronsly contested". The two banks would not comment.

The bond prospectuses anticipated, among other things, easy continued access to capital, strong cash flows, and "the best Christmas in two years".

The first signs of declining fortunes came just six days after the final prospectus, when Tiphook announced that interim profits would be 20 per cent below previously projected results.

A stream of bad news then leaked out and by October 1993, it had indicated possible breaches of its banking covenants.

Tiphook has made provisions to cover its legal defence, but an adverse judgment could topple the company into receivership.

Mr Montague was served with a bankruptcy petition from Royal Bank of Scotland on Monday night, over a £2.3m ($3.6m) loan. If made bankrupt, he would be ineligible as a director.

Mr Montague is hoping for support from the bulk of his creditors to push for an Individnal Voluntary Arrangement, which would schedula debt repayment, and avoid bankruptcy.

Barry Riley

Subtle benefits from a rebalancing act

Buying bonds will raise pension scheme costs, calculata actuaries grappling with the implications of the proposed UK minimum solvency standard. Over the past few decades equities have achieved a rate of return averaging 5.5 per cent a year more than gilt-edged.

That is why the equity exposure of UK schemes has drifted up to more than 80 per cent. This makes company pension plans cheap to run, according to conventional actuarial assumptions. Bnt the trend has exposed scheme members to greater discontinuance risks, which have aroused political scrutiny.

So here is an interesting question. Suppose at the beginning of 1986 a pension fund with the then typical equity exposure of 74 per cent (exclnding property) had decided to fix at a 50:50 mix of equities and bonds, to be rebalanced every quarter. How much worse would it have performed up to March 1994 than the typical fund which allowed its asset mix to drift with the superior performance of equities? (The drifting mix, incidentally, would have finished with about 78 per cent in equities, which was in the event *further* lifted by 9 percentage points by eager fund managers.)

The answer, according to First Quadrant, the quantitative investment management firm, is that the 50:50 mix would have produced a slightly *better* return, at 14.4 per cent against 14.0 per cent, and with lower volatility.

Why should a mechanistic process such as periodical rebalancing to a benchmark have this beneficial result? The answer is that the rebalancing procedure acts as a counter to valuation distortions between the two asset classes and forces the fund to offset them. When equities become expensive relative to bonds the equities are capped, and a small profit taken. Similarly when bonds are expensive relative to equities. It is a kind of antomated contrarian approach, with a ratchet-like effect.

One problem with any contrarian approach is that it can often be uncomfortable

For quantitative managers such as First Quadrant, an offshoot of the Xerox Corporation, the approaching minimum solvency standard offers an opportunity to break into the UK pension fund market, at present dominated by balanced managers. Ideas such as rebalancing are common in the US but are largely ignored in the consensus-chasing British market.

But British pension fund trustees have proved unreceptive to quantitative methods so far. Perhaps balanced management has taken the drifting mix further towards risk than the trustees would have wished to go, but the results have been good.

The trouble with quantitative methods is thet it would be tough to find excuses if they were to go wrong. The trustees might have to confess that they had not understood what they were buying. It might not be enough simply to blame external managers.

What *could* go wrong? Take the simple question of rebalancing to a benchmark. One reason why it has worked so well since 1986 is that the extra return on equities has *not* been 5.5 per cent during this period, but only 2.5 per cent. That relative decline in equity return will be the subject for another article, bnt the point here is that the penalty for high bond exposure has been small in recent years. Over longer periods drift has beaten rebalancing, but often not by a large margin.

The obvious problem with rebalancing is that, as with any contrarian approach, it will often be uncomfortable. The fund's trustees will have to be willing to bet against the crowd for periods which may not be very long but will certainly *seem* so. If the return differential between equities and bonds were to widen, perhaps because of unanticipated inflation, the drifters would win.

Finally, the capturing of profits from rebalancing depends on the existence of volatility in the relative valuations of the asset classes. Low volatility – that is, persistent trends – would make rebalancing costlier.

UK pension funds have to come to grips with strategies which pay attention to the liability side of their balance sheets, rather than being driven by historical returns or peer group emulation.

At least First Quadrant's study provides hope that matching liabilities more precisely against safe assets may not prove as expensive as often feared.

Rebalancing to Benchmark, by Bill Goodsall and Lisa Plaxco, First Quadrant Corp., London. Tel. 071-973 9373.

INTERNATIONAL COMPANIES AND FINANCE

Générale des Eaux in mobile phone alliance

By John Ridding in Paris

Générale des Eaux, the French utilities and communications group, yesterday announced the formation of alliances with Vodafone of the UK and Southwestern Bell of the US, aimed at strengthening its position in the French mobile telephone market and entering the sector in north America.

As a result of the agreements, the capital of SFR, Générale des Eaux's mobile telephone subsidiary, will be increased by about FFr3bn ($567m). The group said it would use the resources to develop its cellular telecoms operations.

Vodafone, which already holds a 4 per cent stake in Cofira, the holding company of SFR, will exchange its stake for a direct 10 per cent holding in SFR. The transaction will involve a cash payment of FFr880m.

Southwestern Bell is to take a 10 per cent stake in Cofira. It will do this through the purchase of a 22 per cent stake in a holding company which will control Cofira. Générale des Eaux will hold the balance of the shares.

The French company declined to specify the amount involved in the investment, but said it was larger than the new investment by Vodafone.

Under the terms of the agreement, Générale des Eaux will take a 10 per cent stake in the radio telephone franchisee operated by Southwestern Bell in the Washington and Baltimore regions of the US.

The agreements reflect the desire by Mr Guy Dejouany, chairman of Générala das Eaux, to find industrial allies in its mobile telecoms activities. Earlier this year he told shareholders he was seeking the formation of partnerships with foreign telecoms operators with substantial financial and technological resources.

Mr Dejouany's motives are partly based on the increased competitinn in the French mobile telephones market. Last week, the government announced the award of a third mobile telephones licence aimed at stimulating tha French mobile phone market.

US hospital group to pay $2bn for rival

By Richard Waters in New York

National Medical Enterprises, one of the biggest US hospital groups, is to pay nearly $2bn in cash and stock for American Medical, another large hospital chain.

The deal comes just a week after National Medical lost out to Columbia/HCA, the US's biggest hospital company, in a $3.5bn bidding war for HealthTrust, which owns 116 hospitals.

The purchase of American Medical, if completed, will leave National Medical with 71 large acute-care hospitals and annual sales which it predicts next year will reach $5.3bn, compared with $15bn in the merged Columbia/HCA and HealthTrust.

The proposed acquisition comes a year after National Medical was almost brought to its knees by allegations of fraud and abuse of patients in its psychiatric hospitals, which have since been sold.

The deal, which echoes the three multi-billion-dollar takeovers engineered by Columbia/HCA in the past 18 months, is intended in part to reduce costs by increasing the enlarged group's bargaining power with hospital supply companies. It also reflects the growing importance of large institutional buyers of healthcare, such as health maintenance organisations.

National Medical is paying $1.46bn in cash, and stock valued yesterday at $496m. The cash will come from bank borrowing and a bond issue, the company said.

Donaldson Lufkin & Jenrette, the Wall Street firm, has supplied the company with a letter stating that it is "highly confident" it can raise the bond finance – a technique common in the 1980s, when junk bond finance became a significant element in many takeovers.

The use of sucb letters has re-emerged as a tool in US takeovers this year, most notably in the $2.7bn agreed offer by Conseco, an insurer, for financial services group Kemper, which was supported by a "highly confident" letter from Morgan Stanley.

That financing, however, has looked increasingly shaky in recent weeks. Conseco, at first said it would finance a larger part of the bid by selling assets, so reducing the junk bond portion. However, last week it filed to issue convertible bonds, a move taken as a sign the asset sales were not proceeding smoothly.

VSEL set to agree BAe deal

By Bernard Gray in London

The agreed takeover nf the submarine maker VSEL by British Aerospace is likely to be concluded this week. Barring any last-minute hitch, VSEL's board will recommend that its shareholders accept an offer of BAe shares valuing VSEL at abont £12.50 a share.

General Electric Company of the UK, the other potential bidder for the shipbuilding company, has not said whether it intends to counter BAe's paper offer with an alternative casb bid. GEC had previously considered buying VSEL and decided not to bid.

It is understood that GEC's ownership of the Yarrow shipyard on the Clyde would provoke competition concerns from the UK Ministry of Defence. A bid by BAe, which does not own a yard, is not thought to raise such concerns.

Almost one-third of VSEL's shares are held by specialist high-income funds. Some City of London observers think the BAe all-share offer might include a high-yield bond which would be convertible to BAe shares as a partial alternative to encourage the income funds to accept the deal.

The maximum City of London observers expect BAe to have offered is three BAe shares for each VSEL share, though the company may offer sligbtly less. The deal will involve increasing the number of BAe shares in issue by a third.

VSEL had a cash pile nf £325m ($513m) at March 31 this year, some £240m of which was the company's own money and the balance advance payments from the MnD fnr work in progress.

The total cash eqnates to 850p a share, of which the company's own funds account for 640p a share. The cash pile would all but eliminate BAe's debt at June 30 of £367m.

Pechiney sets sights on cutting debt

By David Buchan in Paris

Pechlney, the French state-controlled metals group, plans to rednce its debt "sharply and rapidly", partly throngh assets sales, in the hope of being privatised after the end of 1995, Mr Jean-Pierre Rodier, the new president, said yesterday.

Mr Rodier told the Tribune Desfossés, the French newspaper, that after two months in his post he bad started a detailed study nf what Pechiney might sell to reduce its FFr20bn ($3.8bn) debt. "The problem is not so much selling assets as choosing well what you want to keep," he said.

The newspaper raised the possibility of Pechiney selling Howmet, its US aircraft and engine components subsidiary, either through a stock market flotation or a management buy-out. Mr Rodier, however, stressed that no decision had been taken.

Mr Rodier's background is in the non-ferrous metals industry, most recently with Union Miniére of Belginm, and he said he could not imagine Pechiney "withoot a significant activity in aluminium".

He welcomed the recent pick-np in world demand and prices for aluminium, dne in large part to joint action by Western and Russian prnducers tn cot hack output.

He also reaffirmed the $1bn plan of Pechiney, along with Bechtel of the US and Morgan Grenfell, the British bank, to modernise Russian aluminium factories.

Sharp fall in Europe's M&A activity

By Nicholas Denton

Merger and acquisition activity in Eurnpe fell in the third quarter of this year to the lowest level this decade, although there was a sharp upturn in the US, according to Securities Data, a leading compiler of league tables of investment banks.

The total value of transactions in Europe dropped to $21bn in the three months to September, representing a 35 per cent decline on the quarterly average in 1993. Outside the US, activity dipped to $35.5bn, the lowest since 1988.

A stagnant corporate takeover market in Europe contrasts sharply with the US, where economic recovery pushed M&A volume up 33 per cent to $236.6bn in the first three quarters of 1994. "The feelgood factor that is in the US is not in Europe yet," a US investment banker said.

The figures show that M&A activity has been slow to recover in spite of renewed economic growth in Europe. However, investment banks in London are adding staff in thair corporate advisory departments in anticipation of a revival in activity.

The league tables of activity and advisers cover completed deals, which can lag announcements by several months and initial approaches by even longer.

Most investment banks report a healthy "pipeline" of deals as companies which have weathered the recession look again at expansion. M&A departments expect strategic deals in sectors such as health care, automotive components, telecommunications, financial services and chemicals.

Another impetus could come from financial investors such as Glenisla, a takeover fund set up with backing from investors Kohlberg Kravis Roberts.

Value of completed mergers & acquisitions ($bn)
(First three quarters)

	US	Non-US	Worldwide
1993	177.9	150.1	328.0
1994	236.6	133.6	370.2

Source: Securities Data

S.G. Warburg, the UK investment bank which issued a profit warning last week after setbacks in bond and equity markets, headed the league table of advisers on European M&A, as it did in Securities Data's 1993 report.

Warburg advised on 43 deals worth $13.6bn in the first three quarters, giving it market share nf 16.5 per cent. The UK house advised Banco Santander of Spain on its $2.4bn acquisition of Banesto and on the merger between Akzo, the Netherlands chemical company, and Nobel Industrie of Sweden.

Warburg was placed behind two US investment banks in the most recent league table of advisers on European cross-border transactions drawn up by Acquisitions Monthly, the other big compiler of M&A data.

While the precise rankings vary depending on the criteria, Warburg and US investment banks Morgan Stanley and Goldman Sachs usually lead the pan-European tables.

Kvaerner warns of lower profits

By Karen Fossll in Oslo

Kvaerner, Norway's second largest stock market-listed company, warned yesterday that losses on a project by the oil and gas division, along with restructuring costs, would damage profits for the first eight months of this year.

Profits for the full year would also decline, it said.

It expects the oil and gas division to incur a loss of about NKr200m ($29.8m) for the first eight months, and losses of the same order for 1994, because of losses on deliveries to the Troll oil project and restructuring costs of the division.

"This result partly reflects a substantial loss already reported by the group on its deliveries to the Troll oil platform in the Norwegian North Sea," it said.

Kvaerner, headed by Mr Erik Tonsetb, said this implied a weaker 1994 result for the group as a whole. Last time, profits before unrealised foreign currency items and tax reached NKr1.5bn. The company had earlier forecast profits for 1994 at the same level as the year before.

Kvaerner is due on Friday to report full figures for the first eight months. In the first four months of the year, the group boosted pre-tax profits by 36 per cent to NKr590m. However, the oil and gas division saw pre-tax profits cut by more than half, to NKr57m from NKr135m.

The division plunged into an operating loss of NKr3m in the period after a profit of NKr116m a year earlier.

International Paper earnings rise 47%

By Tony Jackson in New York

The strength of the upswing in the US paper cycle was underlined yesterday by a 47 per cent jump in third quarter net earnings at International Paper, the world's largest paper company.

Mr John Georges, chairman, said he expected even stronger earnings in the fourth quarter, and added: "We believe that we will see even more robust growth in 1995."

Mr Georges said tbe economic upturn in the US, Europe and the Pacific Rim meant that the company was experiencing higher prices and greater demand for all its products.

"As tbe worldwide economies improve, we expect demand for paper and packaging products to grow faster than the industry's manufacturing capacity," he said.

Earnings were up in packaging and board and remained at a high level in forest products. Printing papers were in profit for the first time in two years, helped by a very strong market for pulp and a sharp recovery in Europe. However, profits were down in the group's speciality products division, a catch-all category which ranges from oil and chemicals to Ilford photographic film.

Group sales in the quarter were up 11 per cent at $3.79bn, with the strongest rises in printing papers (up 19 per cent) and packaging (up 13 per cent).

The slowest sales growth came in forest products (up 4 per cent), which had recovered earlier in the cycle.

Pre-tax profits were up 40 per cent in the quarter to $167m, bringing tbe nine-month increase to 20 per cent.

Earnings per share were up 47 per cent at 87 cents for the quarter – the highest figure since the second quarter of 1992, but still well below the levels reached in the last cyclical peak.

Tbe figures further contributed to a feeling of optimism in the US paper industry created by Scott Paper's $1.6bn sale of its S.D. Warren subsidiary to Sappi of South Africa on Mooday. Analysts had commented that Scott's success in selling the business would be a test of confidence in the sector's outlook.

International Paper's sbares rose $¾ to $78½ in early trading.

TENDER NOTICE

UK GOVERNMENT ECU TREASURY NOTES

For tender on 18 Octnber 1994

1. The Bank nf England announces the sale by tender on behalf of Her Majesty's Treasury of up to ECU 500 million nominal and not less than ECU 250 million nominal of UK Government ECU Treasury Notes. These Notes will add to tha ECU 1,000 million nominal of the sama security sold by the tender on 18 January 1994, the ECU 500 million nominal sold by tender on 19 April 1994 and tha ECU 500 million nominal sold by tender on 19 July 1994. The tender will be held on a bid-yield basis on Tuesday, 18 October 1994.

2. The ECU Notes to be sold by tender will be deted as ol 21 January 1994 and will mature on 21 January 1997.

3. Notes will bear an annual coupon nl 5.25% payabla on 21 January, starting nn 21 January 1995. Payment for Notes allotted in the tender will be due on 25 October 1994; the amount payable will include 274 days accrued interest.

4. All tenders must be made on the printed application lorms availabla on requast lrom the Bank ol England. Completed application forms must be lodged, by hand, at the Bank of England, Securities Office, Threadneedle Street, London not later than 10.30 a.m., London time, on 18 October 1994.

5. Each tender at each yiald for aach maturity must ba made on a separate epplication form for a minimum of ECU 500,000 nominal. Tanders above this minimum must be in multiples of ECU 100,000 nominal.

6. Tenders must be made on a yield basis (calculated on the basis of a month of 30 days and a year of 360 days) rounded to two decimal places. Each application form must state the yield bid and the amounl tendered for.

7. Notification will be despatched on the day of the tender to applicants whose tenders have been accepted in whole or in part. For applicants who have requested credit ol Notes in global lorm to their account with ESO, Euroclear or CEDEL, Notes will be credited in the relevant systems against payment. For applicants who have requested definitive Notes, Notes will be available for collection at tha Securities Office of the Bank of England after 1.30 p.m. on 25 October 1994 provided cleared funds have been credited to the Bank ol England's ECU Treasury Notee Account No. 59045828 with Lloyds Bank Plc, International Banking Division, PO Box 19, Hays Lane House, 1 Hays Lane, London SE1 2HA. Dafinitive Notes will be available in amounts of ECU 1,000, ECU 10,000, ECU 100,000, and ECU 1,000,000 nominal.

8. Her Majesty's Treasury resarva the right to reject any or part of any tender.

9. The arrangaments for the tender are set out in more detail in the Information Memorandum on the UK Government ECU Treasury Note programme issued by the Bank of England on behalf of Her Majesty's Treasury on 9 January 1992. All tenders will be subject to the provisions of the Information Memorandum and to the provisions of this notice.

10. In addition to the Notes being offared for sale by tender, a further ECU 25 million to ECU 50 million nominal of Notes (depending on the actual nominal amount of Notes sold in the tendar) will be issued end retained by the Bank nl England for the account ol the Exchange Equalisation Account. These additional Notes will be added to the Bank's holdinge of Notee which may be made available for sale and repurchase operations with the markel makers listed in the Information Memorandum.

11. Copies of the Information Memorandum may be obtained at the Bank of England. UK Government ECU Treasury Notes are issued undar the National Loans Act 1968.

Bank of England
11 October 1994

News Corp to modify status of new shares

By Bruce Jacques in Sydney

Mr Rupert Murdoch's News Corporation has bowed to investor pressure and agreed to modify its plan for a one-for-two issue of limited voting preference shares.

News directors announced yesterday that the international media company would proceed with the issue but make two important alterations to the status of the proposed new shares. The changes, to be put to shareholders by January 1995, provide that:

- The new preference shares would receive a dividend premium of at least 20 per cent over the company's ordinary shares.
- The new shares would participate, on the same basis as ordinary shares, in any takeover bid for the company.

Directors said the changes would be inserted in the company's articles of association, and followed consideration of comments from the investment community since the preference share issue was announced on September 30.

They pointed out thet the new preference shares would carry an annual dividend of 7.5 Australian cents, and the proposed 20 per cent premium would therefore not take effect until the ordinary dividend reached 6.25 cents a share.

There was "no present intention" of increasing the 3 cents-a-share annual dividend for ordinary shares.

The proposed new articles will also build in a protection if any takeover failed to include the new preference shares. In this event, any ordinary shares acquired would automatically convert to preferred limited voting ordinary shares.

The alterations help to address the main concerns of News' institutional shareholders, some of whom perceived the new issue as a way for Mr Murdoch to entrench his control over the company. Others were more concerned that the preference issue might preface a large acquisition with consequent dilution of News earnings.

News shares slid following the preference issue announcement last month, hitting a low of A$7.72 on Australian stock exchanges, before recovering yesterday to close at A$8.27.

The initial price fall served as a warning that the proposed new preference shares could trade at a significant discount to the ordinaries, threatening to limit the size of future capital raisings by News.

By guaranteeing a higher dividend and allowing the new shares to participate in any control premium for the company, News directors have provided encouragament for the preference shares to be priced closer to their ordinary counterparts, in spite of their non-voting status.

Siemens' dream factory in Singapore

The island republic is the base for German group's sales in Asia-Pacific region, reports Kieran Cooke

Mr Hartmut Lueck, managing director of the Siemens semiconductor plant in Singapore, has the sort of problem many of the world's industrialists dream about. His factory is working round the clock, every day of the year, yet it still cannot produce enough to satisfy demand.

"A few years ago neither Siemens nor anyone else realised how big the demand for semiconductors would be," says Mr Lueck. "Take the use of semiconductors in mobile phones. When mobile phones first appeared we thought they would be used mainly by businesspeople and professionals. Now – in this region at least – they have virtually become a piece of costume jewellery."

Siemens first established an electronics factory in Singapore in 1970. Now it employs 1,600 people at a new components plant capable of turning out more than 300m semiconductors a year. Singapore serves as the base for Siemens' components sales in the Asia Pacific region.

Like many other companies, Siemens is increasingly focusing on the region as the area of future large-scale sales growth. Later this month the entire board will be flying to Singapore for the first board meeting to be held outside Germany in the company's 147-year history.

For Siemens as a whole, the Asia-Pacific countries – stretching from Pakistan to Australia – represent one of the world's most promising growth regions. The group's business there has been growing at double-digit percentage rates and is expected in a few years to be as large as that in the US, accounting for some 15 per cent of turnover.

As a provider of complete energy, transport and telecommunications systems, Siemens aims to play an expanding role in the economic growth of Asia.

The group's order volume in east and south-east Asia rose by 50 per cent to DM5.4bn ($3.5bn) in the financial year to end-September 1993; worldwide orders totalled DM84bn. In its last annual report, the group described south-east Asia as "an extraordinarily dynamic" electrical and alectronics market.

In volume terms, Siemens does not compete with the world's biggest semiconductors manufacturers such as NEC of Japan and Intel of the US. But with the world chip market forecast to grow by between 50 per cent and 100 per cent by the end of the decade, Siemens Singapore is confident that business will continue to expand.

Last year sales from Siemens Singapore operations reached nearly DM800m – a rise of more than 50 per cent on the 1992 figure.

This year sales have already exceeded DM1bn, fuelled by growth in the region's telecommunications industry, particularly in China.

Mr Lueck faels bis company has some advantages over competitors. Siemens started its Singapore factory in the 1970s, in order to benefit from the island republic's low wages.

"Though wages have risen here, they are still low compared with Germany or the US and are an important factor in our operations," says Mr Lueck. "But the character of the semiconductor industry is changing. Now cost is not so crucial. The most important thing is innovation and being first – then you make your own price. You can also then achieve cost advantages through volume and quickly recoup your costs – in order to invest in the next cycle of the industry."

Accumulated investment in Singapore by Siemens is put at DM450m. Siemens also has two other regional plants, both in neighbouring Malaysia, which together employ nearly 4,000 people. "It's very important to be based in the region you are selling to," says Mr Lueck.

There are other advantages. Aided by a Singapore government grant, Siemens is opening an integrated circuit design centre linked to a similar facility at headquarters in Munich. When Munich sleeps, the design centre can take over.

Technological advances in the semiconductor industry are rapid: every three or four years a new generation of chips comes along which is far more powerful than its predecessor. "By working round the clock the R&D and innovation cycles are shortened," says Mr Lueck. "That's vital for remaining competitive."

The wafers from which the chips are cut are flown in from Europe. Finished chips used to go back to Germany for testing, but now that is done in Singapore and Malaysia.

Siemens Singapore does have its problems. Labour shortages and job-hopping are top of the list. About 30 per cent of the workers at the Singapore plant travel each day from Malaysia. For its top engineers Siemens has had to hold recruitment drives in the US and elsewhere to lure talented Singaporeans back home.

Though the semiconductor market is buoyant, Mr Lueck says the industry is unpredictable. "It's a yo-yo industry – almost overnight you can go from chronic shortages to overcapacity. You always have to be flexible and ready to adapt to change.

"But in this region at least the trend seem to be on an upward curve, with sales likely to rise by between 18 and 20 per cent each year. For the time being it's not too bad."

Chip operations break even a year early

Siemens bas reached the break-even level in its semiconductor operations a year ahead of schedule as a result of the improved economic situation in Europe and its own cost-cutting programme, writes Andrew Fisher in Frankfurt. These activities have previously involved the group in heavy losses and restructuring costs.

Mr Jürgen Knorr, director of the semiconductor division, called this "a very good result" with new orders exceeding DM3bn ($1.9bn) in the year to September 30 1994, after DM2.6bn the previous year. He said the outlook for 1994-95 was very positive. Siemens expected to match growth in the semiconductor market, likely to be between 13 and 15 per cent.

In south-east Asia and the US, the computer chip market should grow at twice this rate, he added. Investments in both areas would be increased, with a wafer plant in south-east Asia a possibility; Siemens currently makes wafers (used in semiconductor production) in Germany, France and Austria. Mr Knorr said the world semiconductor market should total about $77bn this year and nearly $100bn next year.

He said memory chips were the biggest part of Siemens' semiconductor business, with application specific chips close behind; each accounted for about DM1bn of turnover.

NEWS DIGEST

Gannett rises 19% as advertising revenue improves

A sharp rise in advertising revenue helped Gannett, the US media group, to a 19 per cent increase in third-quarter net income to $105.5m, writes Tony Jackson in New York. Gannett, which publishes 83 daily papers, including USA Today, said growth in newspaper profits was fuelled by recruitment advertising.

Newspaper advertising revenue was up 10 per cent in the quarter to $521.9m, with classified advertising contributing a rise of 14 per cent and USA Today a rise of 11 per cent. Circulation revenue rose 2 per cent, and newspaper profits overall were up 10 per cent at $167.7m on sales of $771.3m.

Broadcasting profits were up 48 per cent at $27.2m on revenues of $95.2m. Gannett, which owns nine TV stations and 11 radio stations, said TV revenues were up 16 per cent and radio revenues up 15 per cent.

Profits from outdoor advertising were up 25 per cent to $7.0m, on strong local and national demand. Gannett is the biggest outdoor advertising company in the US.

Group sales in the quarter were up 6 per cent at $932.4m. Earnings per share were up 21 per cent to a record 74 cents. The dividend was raised from 33 cents to 34 cents.

- Media General, which owns newspapers and TV stations in the south-eastern US, said net earnings rose 57 per cent in the third quarter to $8.0m, on sales up 5 per cent at $155.2m.

Bajaj Auto advances strongly at halfway

Bajaj Anto, India leading maker of motorcycles, scooters and three-wheeler auto-rickshaws, reported a 196 per cent rise in net profit to Rs1.86bn ($43m) on a 48 per cent increase in sales to Rs10.32bn during the six months to end-September, writes Stefan Wagstyl in New Delhi.

Bajaj, which is considering plans to build low-cost cars in high volumes in collaboration with a foreign partner, is due to launch a $167m Euroequity issue later this month.

Kleinwort Benson rating upgraded by Moody's

Kleinwort Benson, the UK-based merchant bank, received a boost yesterday from Moody's Investors Service, the US credit rating agency, which said it had raised the rating on the bank's long-term deposits to A3 from Baa1, writes Norma Coben in London.

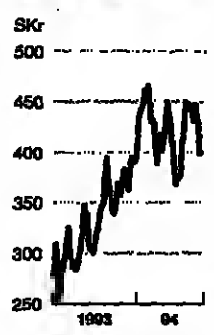
Moody's said the upgrade reflected a significant improvement in the bank's internal controls since heavy losses reported in 1990, and its decision to shed its unprofitable commercial lending activities. A strong performance in securities markets and high volumes of new issues in subsequent years had helped Kleinwort bolster its loan loss provisions.

Moreover, the bank has benefited from its growing asset management business and its ability to retain its franchise in the corporate advisory markets, the agency said.

However, the bank's relatively small size compared with its US counterparts "is increasingly likely to prove a competitive disadvantage", Moody's said.

Stora to invest SKr550m in upgrades

Stora (B free)



Source: Datastream

Stora of Sweden, Europe's biggest pulp and paper group, yesterday announced new investments worth SKr550m ($74m) to be spent over the next year on its programme of upgrading processing plants and paper-making machines, writes Hugh Carnegy in Stockholm. Most of the new investments, part of annual development spending totalling almost SKr3.5bn, will go on a new wood processing facility at Gruvön in Sweden. The others include rebuilding a paper machine at Uetersen in Germany.

The investments will not add to Stora's overall capacity; a decision is not expected until next year on whether the group's chief project to expand capacity – a SKr2.8bn board-making machine – will go ahead.

Saudi Hollandi Bank profits down 25%

Saudi Hollandi Bank, which is 40 per cent owned by ABN Amro Bank of the Netherlands, reported net profit for the first nine months of 1994 of SR101.6m ($27m), down 25 per cent from the SR135.6m recorded in the same period last year, AP-DJ reports from Manama.

The bank said there was a loss in investments of SR16.5m during the 1994 period, compared with a gain of SR60.4m last year. Operating revenues were up 30 per cent at SR740.4m, while operating expenses were 27 per cent higher at SR622.3m.

The Saudi American Bank, which is 30 per cent owned by Citibank of the US, posted a 14 per cent increase in net income in the first three quarters of 1994, the bank said in a statement yesterday.

Net income rose to SR734.26m during the nine months from SR690.57m a year-earlier.

Petro Canada sale

Petro Canada, the country's second biggest integrated oil company, has sold a package of of British Columbia natural gas properties to Sceptre Resources, an upstream producer, for C$21.25m (US$xxm) and a share of future production and profits, writes Robert Gibbens in Montreal.

INTERNATIONAL COMPANIES AND FINANCE

Intel calls on AMD to stop chip shipments

By Louise Kehoe in San Francisco

Intel bas called on rival Advanced Micro Devices to halt shipments of the microprocessor chips it sells to personal computer manufacturers. The move follows a US court ruling tbat a small element of the "microcode" contained in AMD's 486 microprocessors infringes Intel copyright.

Intel, tbe world's largest chip maker, said that if necessary it would seek a permanent injunction to prevent AMD from shipping chips Incorporating the infringing microcode – software that is embedded in microprocessor chips.

AMD said, however, tbat it started production this week of chips that do not contain the infringing microcode and that it does not anticipate any disruption to shipments of its 486 microprocessors.

"This litigation is simply another effort by Intel to limit competition in the 486 microprocessor market," claimed Mr W.J. Sanders III, AMD cbairman and chief executive officer. "It must not succeed."

The quarrel is the latest In almost a decade of legal battles between Intel and AMD.

AMD, a former Intel technology partner, sells microprocessors tbat emulate Intel's designs.

Tbe copyright infringement ruling, issued by a US magistrate, covers a very small portion of e microprocessor microcode used for in-circuit emulation, or debugging of software. AMD said that the code was "superfluous".

The ruling applies only to this portion of microcode and "does not affect jury verdicts returned earlier this year upholding AMD's right to manufacture and sell microchips containing Intel microcode," AMD said.

"AMD recognised that the market wants Intel technology. The ... technology was so critical to AMD's strategy tbat AMD copied the ICE code, after it had specifically given up any rigbts to do so," said Mr F. Thomas Dunlap, Intel vice-president and general counsel.

AMD will ask the court for "reasonable time to change our productlon lines," said Mr Sanders. "Intel ls not being damaged," he claimed, so the court should not order an immediate balt to shipments.

Instead, AMD will ask the court to allow it to ship chips in the production plpcline. The production cycle for a microprocessor is about 12 weeks.

Intel said, however, that lt would ask the magistrate to give AMD "a couple of weeks" to halt shipments.

Apple sees fourth-term results above forecasts

By Louise Kehoe

Apple Compnter expects revenues and earnings for its fourtb quarter to be significantly higher than cnrrent Wall Street estimates.

The US personal compnter company, which plans to release results for the year ending September 30 next week, said it expected revenues for the fourth quarter to be around $2.5hn, np from $2.1bn in the same period last year.

Earnings per share wonld be "sligbtly above 90 cants a sbare", the company said. This compares with Wall Street estimates of about 65 cents to 70 cents. Apple's net income was $2.7m, or 2 cents a share, for the fourth quarter of fiscal 1993.

Tha company's share price rose to a 14-month high to trade at $40¼ in mid-session yesterday.

The shares have gained 11 per cent since last Thursday's close of $36¾ amid rumours of an impending agreement with International Bnsiness Machines to establisb a common standard for the design of PowerPC-based personal compnters.

Apple uses the PowerPC microprocessor in its latest Power Macintosh compnters. There has also been widespread specnlation that IBM might take a minority stake in Apple to cement snch an agreement.

Apple said that demand was strong in the fourth quarter for its entry-level PCs, Power Maclntosh models based on the PowerPC chip and its PowerBook notebook computers.

The company said lt expected gross margins as a percentage of net sales for the fourth qnarter to be slightly above the 26.7 per cent it reported in its third fiscal quarter. Operating expenses would be slightly less tban 20 per ceot of net sales, it added.

Sappi leads S Africa out of the woods

Pulp and paper group has become a global force, writes Mark Suzman

Sappi, the South African pulp and paper company whicb tbis week announced it was acquiring US producer S.D. Warran for $1.6bn, has long had the goal of becoming a global player in the paper industry by 2000.

Guided by Mr Eugene van As, executive chairman, the unexpectad announcement seems to indicate that the company has achieved its target a few years earlier than anticipated.

In the process it has become South Africa's first truly global industrial company, following a route previously trodden only by the country's big mining houses.

By adding S.D. Warren, which is dominant in the US coated paper market, to its operations in South Africa and Europe, the company has become one of the world's bigger paper producers.

More notably, it is now the global leader in dissolving pulp and coated wood-free papers, both fast-growing niche markets in the paper business.

"I am delighted with the acquisition. It complements our existing operations and will play a key role in our future success," says Mr van As.

In spite of his confidence in Sappi's future, the road ahead is far from certain, and analysts and shareholders are not unanimous in their support for the latest move.

The company remains dominant in the local market, with a 50 per cent share of the broader pulp and paper industry, and its interests encompass everything from raw timber to finished papers.

It owns 340,000ha of forest in the southern Africa region – which will in effect be doubled to 765,000ha with the addition of S.D. Warren's timber interests – and has a wide range of domestic plants covering craft papers, fine papers and pulp.

Sappi's Saiccor plant, acquired from UK-based Courtaulds in 1988, has long been the world's largest and lowest-cost prodncer of dissolving pulp, which is used in tha production of viscose for rayon fibre and cellophane film.

It is undergoing a R1bn ($280m) expansion and the bulk of lts production is targeted for export.

Given the size of its share of the local market, Sappi has for several years been diverting an increasing portion of local production for export. It has also formed a wide-ranging international trading company.

Complementing this, it made its first foreign acquisition in 1990, buying five paper mills in the UK. Two years later, the company bought German-based coated paper producer Hannovier Papier.

Nevertheless, during this period, South Africa's long recession and a global slump in paper prices saverely weakened local sales.

Eugene van As: 'a once in a lifetime opportunity' for Sappi

The situation was further aggravated by increased competition from imports, particularly from Brazil and Finland, which have taken advantage of South Africa's traditionally low tariffs on paper products to exploit the top end of the local market.

Adding to Sappi's woes, the European recession severely dented lts newly acquired operations there, and Hannovier has so far been a disappointment – as well as a severe drain on resources.

Worse, Hannovier's recent losses have saverely dented Sappi's bottom line becauses of the continued depreciation of the rand.

In response, the company's earnings plunged and it was forced to suspend dividends. Sappi reported after-tax earnings of R142.2m for 1993-94, down from R604m as recently as 1990.

But the domestic market has picked np and Hannovier, which appears to have turned the corner, is expected to make a significant contribution to earnings this financial year.

Nevertheless, most analysts had expected Sappi to wait before making another international foray, giving itself time to consolidate its existing operations and build up cash.

But the lure of S.D. Warren appears to have been too great for Mr van As to resist. The $1.6bn purchase price is high in terms of the current standing of paper stocks on the New York Stock Exchange, but as the Hannovier deal showed, Mr van As is always willing to take a gamble.

The attraction lay in the overall quality of S.D. Warren, its strengths in an area where Sappi has considerable expertise, and positive industry projections for sales in the coated wood-free sector, which are expected to outstrip all other main paper and board products over the next five years.

The relative ease of finding partners and putting together a financial package seems to have been equally important. Traditionally, South African companies have trod cautiously in the international arena, hampered by strict exchange controls at home and the country's political reputation abroad.

Now, however, as mining house Gencor's $1.3bn acquisition of Billiton in July demonstrated, South African companies have gained a new acceptability.

Indeed, as Sappi's executives noted with somc surprise, several banks competed vigorously to organise the Sappi deal, in spite of the company's inability to raise money domestically or borrow against local assets because of exchange restrictions.

"Having been the pariahs of the world for so long it was very pleasing to see some of the best banks in the world competing to do business with us," says Mr van As.

"For Sappi this was a once in a lifetime opportunity and we were fortunate to have on our side financiers with a breadth of vision and a commitment to make the deal succeed."

However, with a new debt/equity ration of 1.25, up from its current level of 0.4 and nearly five times the company's stated aim of a ratio of 0.35, Sappi and its backers will need both vision and commitment to make the venture succeed.

Cellular phones help Motorola jump 50%

By Louise Kehoe

Worldwide demand for cellular telepbones helped to boost Motorola's sales and earnings to record levels for the third quarter and year to date.

Tbe US communications, electronics and semiconductor group lifted third-quarter net earnings to $380m, up almost 50 per cent from $254m. Earnings per share jumped to 65 cents from 44 cents. Revenues rose 28 per cent to $5.7bn from $4.4bn in the same period last year.

Motorola's largest businesses – wireless communications and semiconductors – saw revenues grow strongly. Sales of cellular telepbone equipment advanced 63 per cent to $2.2bn.

The number of cellular telephone service subscribers worldwide grew to nearly 50m, an increase of about 50 per cent from the end of 1993.

Motorola was awarded contracts during the third quarter for digital cellular systems to be built in Moscow, Hong Kong and Nigeria. Contracts for analog cellular systems came from the Philippines and several countries in Africa.

Other parts of Motorola's wireless communications business – including two-way radios, pagers and wireless data communications for mobile computer users – together accounted for $1.5bn in revenues, up 23 per cent on the same period last year.

Semiconductor sales rose 18 per cent to $1.8bn, continuing an uninterrupted record of more than five years' growth. The company's largest chip customers are the automotive and communications Industries.

In a push to increase its presence in the computer industry, both as a chip supplier and a systems manufacturer, Motorola is collaborating with IBM and Apple Computer on the development of PowerPC microprocessor chips.

Last week Motorola launcbed a range of computers based on PowerPC to be sold through third parties. In the third quarter, bowever, lts computer sales rose only 2 per cent and orders were flat. Revenues for this segment were not reported separately.

For the first nine months Motorola's sales reached $15.8bn, up 32 per cent from $12bn a year ago. Net earnings were $1.05bn, or $1.79 a share, compared witb $682m, or $1.20. The 1993 per-share figures were restated for a 2-for-1 stock split in April.

CPC reports earnings up 3% to $125m

By Richard Tomkins

After-tax earnings at CPC International, the US-based food group that makes Hellmann's mayonnaise, Knorr sonps and Mazola corn oil, edged ahead 3 per cent to $125.4m in the third quarter, tbe company reported yesterday.

The main factors hindering profits growth were difficnlt economic conditions in Brazil, which affected the gronp's Latin American consumer food earnings, and flat operating income at Best Foods, CPC's Nortb American consnmer food business, caused partly by trade inventory rednctions.

World-wide sales advanced 9 per cent to $1.61bn, with CPC attributing the rise to acquisitions in North America and Europe, a strong performance from its Asian consumer food operations, and good resnlts from tbe corn refining business.

Worldwide operating income rose by 5 per cent, but higher financing charges relating to acquisitions and company share repurcbases limited growth to 4 per cent at the pre-tax level.

Earnings per sbare rose from 79 cents to 83 cents.

Last month CPC warned that "an extremely difficnlt marketplace environment in Brazil" and a two-month stretch of weak volnmes in Best Foods would lead to lower than expected earnings per share of $3.16 for the full year, exclnding a second-quarter restructuring cbarge.

CPC said yesterday that it was confident it would achieve that figure.

Procter predicts record sales in first quarter

Procter & Gamble, the US household goods group, expects to report record sales and earnings for its first quarter ended September 30, Mr Edwin Artzt, chairman, said, Reuter reports from Cincinnati.

In the previous first quarter, the company earned $670m, or $0.95 a sbare, on sales of $7.56bn.

"The worldwide volume numbers are in and we have just completed a record quarter," Mr Artzt said. "As a result of this strong volume performance and the continuation of good cost controls throughout the company, we expect to report record sales and earnings."

● McCormick, the US food products group, is planning to cut about 600 jobs, or 7 per cent of its workforce, in a restructuring, AP-DJ reports.

The company said that as a result it expects to record a one-time, pre-tax charge of up to $66m io its fiscal fourth quarter ending November 30.

It added that the restructuring would include closing its Hayward, California, production facility, realignment of some of its operations in tbe UK and sale of its Golden West Foods unit.

Plant closures will occur during tbe next two years and staff reductions will begin no earlier than February 1 1995, tbe company said.

NTT hopes London listing will lift profile

By William Dawkins in Tokyo

Nippon Telegraph and Telephone, Japan's public telecommunications operator and the world's biggest company by market capitalisation – it is valued at Y13,603bn ($135.2bn) – will today be listed on the London Stock Exchange.

NTT hopes the listing will lift its foreign profile, improve its ability to raise equity internationally and stimulate foreign business alliances. This follows tbe listing of NTT American Depositary Receipts in New York on September 29.

"With the advent of multimedia, we are pursuing affiliations and tie-ups with various companies and countries and believe a listing will heighten our name recognition," said Mr Masashi Kojima, NTT president.

NTT's foreign listings come as it is preparing to face a fresh battle against plans by the ministry of posts and telecommunications to split up its long-distance and local businesses.

The ministry hopes, in a review of the structure of Japan's telecommunications market next year, to emulate the success of AT&T, the US telecommunications operator, after it was split up in 1983. NTT argues that the investment demands of multimedia make a split inappropriate.

Over the past year, the group has entered joint ventures with three US software gronps to develop multimedia.

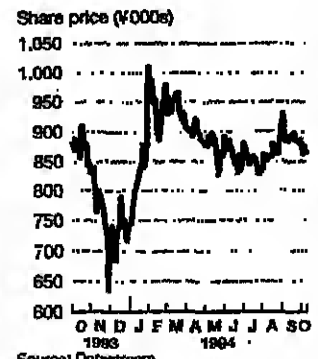
It is negotiating with British Telecommunications for a joint venture, between NTT and IBM of the US, to provide high-speed international data communications. Cabla & Wireless of the UK, meanwhile, is interested in a possible stake in NTT's personal "handyphone" service to open in Japan next year.

NTT's foreign links are small, partly a reflection of the fact that it is the only leading national telecommunications group not allowed to operate international services.

The Japanese finance ministry owns 65.6 per cent of NTT, which was partially privatised in 1985, but has been hindered from selling more by the weakness of Japan's stock market.

The group reported a 42.4 per cent decline in consolidated pre-tax profits to Y175bn in the year to last March, on turnover up by 2.8 per cent to Y6,687bn.

NTT



Source: Datastream

See Feature

PepsiCo holds its own in brands battle

By Richard Tomkins in New York

PepsiCo, the US soft drinks and fast-food company, brought cheer to its shareholders yesterday witb qnarterly figures suggesting lt was fighting off the threat to its core Pepsi-Cola brand from own-label cola drinks.

The news from lts fast-food restaurant businesses, bowever, was less encouraging. Pizza Hut did particnlarly badly with operating profits dropping by 25 per cent, partly dne to a decline in take-away sales in the US.

Overall, net income for the third quarter to September 3 was $541.4m. This was 18 per cent higher than the comparable qnarter's $458.2m – althongh exclnding a tax adjustment in the prior year, growth would have been a less impressive 11 per cent.

Sales rose by 12 per cent to $7.1bn and earnings per share, boosted by company share repurchases, rose to 68 cents from 56 cents.

The results were a significant improvement over tha second-qnarter performance, when weakness in tbe soft drink and restanrant businesses bronght underlying profits growth to standstill. Wall Street responded by marking the shares up $1½ to $34 in early trading.

In the beverage division, strong sales growth pushed world-wide revenues np 13 per cent to $2.6bn. This produced a 19 per cent increase in operating profits to $422.2m in spite of higher discounts to retailers, a symptom of competition from other cola brands.

Restanrant revenna increased by 9 per cent to $2.5bn, hnt profit advances at Taco Bell and KFC (formerly Kentucky Fried Chicken) were more than offset by the decline at Pizza Hut, leaving the division's operating profits 5 per cent down at $211.1m.

For the nine months, underlying profits (exclnding unusual charges) were 7 per cent ahead at $1.3bn.

Sanyo Securities plans Y20bn rights issue

By Emiko Terazono in Tokyo

Sanyo Securities, tha troubled Japanese broker, yesterday announced lt would raise Y20bn ($198m) through a rights issue to its three leading creditor banks – Nlppon Credit Bank, Bank of Tokyo and Daiwa Bank – and Nomura Securities, its largest shareholder.

A total of 41.7m shares at Y480 eacb will be issued with payment set for the end of this month. Of tbese, 33.8m, or 81 per cent, will be allotted to Nomura Land Building, a property subsidiary of Nomura, raising the company's stake to 16.3 per cent from 5.3 per cent.

Nippon Credit Bank and Bank of Tokyo will each take 2.7m shares, raising tbeir stakes to 5 per cent from 4.8 per cent, while Daiwa Bank will purchase 2.6m shares, raising its holding to 4.7 per cent from 4.5 per cent.

The funding is part of Sanyo's restructuring programme, announced last March, which the broker is carrying out under the supervision of the three banks and Nomura.

Sanyo, one of Japan's 10 medium-sized broking bouses, has been hit by Y70bn in non-performing loans at its finance affiliate.

Last month, the three creditor banks reduced their interest rates on loans to Sanyo's affiliates to 1.25 per cent. Other city banks also lowered their rates to 2 per cent, said Mr Takashi Ikeuchi, Sanyo president. Interest rates on loans from other banks and insurance companies were cut to 2.5 per cent, witb those from non-bank finance companies lowered to 3 per cent, he said.

During tbe late 1980s, the broker had ambitions of becoming a large financial conglomerate with stockbroking and banking as its main pillars.

After the collapse in asset prices in 1990, Sanyo's affiliates were left with mounting bad loans, which squeezed the parent company's profit margins. Sanyo was hit by the bad loan burden and declining revenue due to the slump on the Tokyo stock market.

Reliance Industries posts strong midway advance

By Stefan Wagstyl in New Delhi

Reliance Industries, India's largest company, yesterday posted a 146 per cent increase in interim net profits to Rs5.1bn ($162m), due to strong demand, improved productivity and worldwide increases in chemicals prices.

Sales in the six months to end-September rose 33 per cent to Rs32.9bn, pushing up operating profits by 41 per cent to Rs7.4bn. Earnings per share soared 91 per cent to Rs31.45.

Reliance is among the first of the large companies to report results for the half-year. Analysts expect many groups to post rises due to a recovery in Indian industry following more than two years of stagnation, partly induced by reductions in public spending due to reforms introduced by Mr P.V. Narasimha Rao, prime minister.

Mr Anil Ambani, managing director, said: "We benefited from growing consumption of all our products in India, from productivity increases and from a cyclical turnround in the chemicals industry."

Reliance, which produces textites, plastics, and petroleum-based cbemicals, has grown in 30 years to overtake old-established companies such as Tata Iron and Steel, the country's largest private steelmaker, as India's biggest company.

It is expanding capacity and diversifying into financial services, power and telecommunications.

GFSA gold mines ahead 14.3% as production rises

By Mark Suzman in Johannesburg

Gold Fields of South Africa reported that its gold mines increased after-tax profit by 14.3 per cent to R448m ($126.50m) for the September quarter, up from R392m the previous quarter.

The increase was largely the result of improved overall production.

In spita of a drop in the grade of ore milled, to 9.2 grammes/tonne from 9.3 grammes/tonne in the June quarter, gold production rose lo 30,612kg from 29,721kg. This was due to a substantial rise ln ore milled to 3.33m tonnes from 3.2m tonnes.

Overall gold revenue rose to R1.37bn from R1.29bn while working profit advanced to R589m from R543m. However, working costs increased to R786m from R751m, mainly because of wage increases starting from the beginning of the quarter.

Of the group's bigger individual mines, Driefontein boosted after-tax profits to R241.6m from R194.6m while Kloof increased after-tax earnings to R193.8m from R190m.

Doornfontein, a marginal mine, reduced costs and raised revanue, reducing its pre-tax loss to R1.9m from the previous quarter's deficit of R8.8m. However, in spite of increased production, Deelkraal saw a drop in after-tax profit to R14.5m from R15.7m as it resumed paying tax following last quarter's R8m rebate.

HK newspaper chief may face ban

By Simon Holberton in Hong Kong

Mr Yu Pun Hoi, chairman of newspaper group Ming Pao and Hong Kong's most mysterious media mogul, was yesterday notified by the Hong Kong Stock Exchange of disciplinary proceedings after it was revealed that he had a previous and undisclosed criminal record.

It is a listing requirement in Hong Kong that directors notify the stock exchange of any previous criminal convictions. Failure to do so could lead to disqualification.

Share trading in Ming Pao and South Sea Development, a property developer and investment company, was suspended on Monday after a newspaper revealed Mr Yu's previous conviction. In its statement about the pending inquiry, the stock exchange said trading would resume today.

Mr Yu, 35, owns 60.5 per cent of Ming Pao, and 36 per cent of South Sea. Late Monday night Mr Yu confirmed that he had served a four-month prison term in Canada in 1979 after being convicted of credit card and cheque fraud, and possession of a firearm.

"I deeply regret my behaviour in my youth and in regard to my past behaviour I have already paid for my wrongs and learnt my lesson from this," he said in a statement.

Tbe revelation of his past wrongdoing has focused public attention on one of Hong Kong's most shadowy business people. The source of his funds for the acquisition of control of Ming Pao in 1991 remains unknown and subject to much speculation, especially given his youth.

One source of his wealth and influence may be mainland China. Through his privately-held CIM, Mr Yu has joint venture car dealerships for Ferrari and Toyota. He also has joint ventures in magazine publishing, advertising, and cable TV – all "sensitive" areas where China'a Communist party likes to keep tight control.

CIM is also Mr Yu's vehicle for satellite TV. By the end of this year analysts expect Asia Integrated Management, a subsidiary, to be broadcasting two Mandarin Chinese channels to Taiwan and possibly further afield. He has cable TV ambitions in Hong Kong.

But the jewel in his crown still remains Ming Pao. It publishes the Ming Pao Daily News, arguably Hong Kong's most prestigious Chinese language daily.

Treasuries forge ahead as rate rise fears recede

By Frank McGurty in New York and Martin Brice in London

US Treasury bonds forged ahead yesterday morning as fears of an immediate increase in short-term interest rates dissipated.

By midday, the benchmark 30-year government bond was $\frac{21}{32}$ higher at 96¼, with the yield slipping to 7.83 per cent. At the short end, the two-year note was $\frac{1}{16}$ better at 99$\frac{25}{32}$, to yield 6.584 per cent.

Bonds opened with solid gains and advanced steadily as the morning progressed. The positive tone in part reflected technical conditions created by the extreme bearishness that had preceded Friday's mild employment data.

With yesterday's activity the tentative upturn which had begun at the end of last week turned into a full-fledged rally, though trading volume remained moderate at best.

The extra impetus came from a report in The New York Times which further dispelled the lingering concern among traders thst the Federal Reserve would lift rates at the end of this week. The story quoted unnamed Fed officials as saying the central bank would need to see more data before deciding when to tighten its policy again. The suggestion was that the policy makers would wait until their next scheduled meeting on November 15 before considering a move.

Such signals gave the market a little breathing room ahead of the barrage of important economic figures to be released later in the week. Traders were already setting up positions in anticipation of Thursday's reading on September producer prices, which were expected to show a slight 0.1 per cent gain. Friday will bring news of inflation on the consumer level. The consensus forecast projected a 0.2 per cent gain during the month.

There was an undercurrent of concern yesterday that the market was becoming too confident in such tame predictions. Some traders said prices could tumble if the figures on the current level of inflation came in stronger than expected, or if Friday's industrial production data suggested price pressures were building in the economy

GOVERNMENT BONDS

■ European *government* bond markets took their cue from the US yesterday, and adopted a generally firmer tone. However, there was little trading ahead of key data due tomorrow from the US and the German election on Sunday.

■ German bunds drifted, lifting slightly during the course of the day. Mr Christoph Anhamm at UBS in Frankfurt said: "It is a futures-driven market." He believes there may be a rally on Monday, after the result of the German election on Sunday, which he expects Chancellor Helmut Kohl to win.

He pointed out that the yield on the benchmark 10-year bund fell by 21 basis points after the election in 1983, and by around 12 basis points after the election in 1990. He believes there is scope for the 10-year yield to fall by 15 to 20 basis points on Monday.

The December bund future was around 89.40 in late trading, up 0.34 points on the day.

■ UK gilts rose slightly, following German bunds. Volumes were thin however, before today's important data on UK retail prices, employment and earnings.

Mr Robert Thomas at NatWest Markets said gilts had taken their tone from bunds and if bunds were to rise on Monday after the German election result, gilts would be likely to rise in their wake.

He said: "Bunds seem to have come to the conclusion that Chancellor Kohl will win, and I would say that was likely. However there is enough uncertainty around for the market to go up on Monday morning if Kohl wins."

The December gilt future on Liffe rose $\frac{1}{32}$ on the day to 100$\frac{25}{32}$ in late trading. The yield spread over bunds widened slightly to around 130 basis points in late trading.

The £650m of stock issued yesterday by the Bank of England was sold around market prices. The stock was in three tranches: £250m of 6 per cent due 1999, £250m of 8 per cent due 2009, and £150m of 2½ per cent index-linked due 2024.

■ The Italian market bucked the European trend to register e fall on domestic news. Mr Andre de Silva of PaineWebber said the sell-off was sparked by reports that Mr Silvio Berlusconi, the prime minister, was to be directly investigated and that discussions on cutting the budget deficit by reducing pension provisions had been suspended. He said: "This *reflects* the high risk attached to Italian assets."

Mary Schapiro takes CFTC helm

By Laurie Morse in Chicago

Ms Mary Schapiro will take the chair of the Commodity Futures Trading Commission this week, giving the agency a permanent chief for the first time in nearly two years.

Her confirmation as the chief US derivatives regulator came last week, after being delayed for four months by a political dispute between Mr Jesse Helms, the powerful southern senator, and Mr Mike Espy, the US agriculture secretary.

Although the 38-year-old Ms Schapiro kept a low profile during the dispute, both she and powerful people from the industry she will regulate have been anxious for her to start work. The CFTC has been without permanent leadership when financial regulators have been re-examining their treatment of derivatives, with the agency at best playing e consultative or catch-up role.

Having suffered for years from an image as a toothless watchdog with questionably cosy relationships with its industry, the CFTC's stature and its staff morale were further damaged by the low priority the administration gave to filling the chair. Now the agency's traditional constituency, the US futures exchanges, fear the CFTC's lack of status will put them et a disadvantage as global rules on derivatives trading are forged.

In her new post, Ms Schapiro has oversight of private derivatives markets as well as established futures exchanges. She will also become part of the president's working group on financial markets, which for the past year has been focusing on non-listed derivatives.

Since 1988 she has served as a commissioner of the Securities and Exchange Commission, e regulatory agency that dwarfs the CFTC in terms of budget, staff and mandate.

Asked about the perception that the SEC's competency far out-shines the CFTC, Ms Schapiro said: "I don't want to compare the agencies – it wouldn't be fair. I'd just like to say that the SEC is as fine an agency as I'd ever like to work in, public or private, and I'd like to bring the SEC's tradition as a fair, strong and tough regulator with me to the CFTC."

Ms Schapiro says one of her first actions will be to look at the CFTC's structure. "The agency isn't growing, but its mandate and the markets it supervises are. Realistically, I have to find e better way to do the job with the resources we have." The CFTC's 1995 budget is $50m, compared with the SEC's $300m.

The CFTC has been criticised for neglecting its enforcement duties while devoting too much energy to desk work.

Ms Schapiro, who started her career as a CFTC enforcement attorney, says she wants to change thet image. "I don't believe you can have an effective regulatory agency without an effective enforcement division. It doesn't matter how good your rules are if you can't enforce them," she said.

The agency must also ask Congress for reauthorisation this year. "I'm hoping very much that this reauthorisation will not absorb all the agency's time and energy. My goal is to get the agency reauthorised quickly," Ms Schapiro says.

Although Ms Schapiro's nomination last May was widely praised by executives at US futures exchanges, her extensive knowledge of the industry may over time prove perplexing to them. She will be the first experienced regulator with extensive derivetives knowledge to head the CFTC in more than a decade.

Multinational companies find success in eurodollar sector

By Richard Lapper

Three leading multinational companies – Bayer, SmithKline Beecham and Toyota – yesterday successfully completed eurodollar issues, while deals by two frequent European borrowers, including the first–ever 20-year peseta-denominated issue, also caught the eye of investors.

Toyota Motor Finance (Netherlands), a financing subsidiary of the Japanese motor concern, and Bayer USA, part of the German drugs and chemical group, successfully placed dollar-denominated paper.

The three-year Toyota paper, led by CS First Boston, was sold at a fixed re-offer price of 99.75, yielding 20 basis points over the corresponding US Treasury bond, and raising e total of $200m.

The re-offer price on the five-year Bayer paper was 99.479, yielding 42 basis points over Treasuries. Deutsche Bank led the issue which raised $300m.

INTERNATIONAL BONDS

Investors were slightly less enthusiastic the issue from SmithKline Beecham, the Anglo-American pharmaceuticals group.

The issue was priced at 99.85, but fell to close at 99.70 after the bonds were freed to trade, with the yield spread widening from 37½ basis points to 42 over the US Treasury bond.

Lead manager S.G.Warburg said that the decision by Standard & Poor's, the credit rating agency, to downgrade the company last month – and the fact that it now has a "split rating" – had discouraged some investors.

SmithKline raised $200m as part of its financing programme for a series of recent acquisitions, including the $1.9bn purchase of Sterling Winthrop.

Proceeds were immediately swapped into floating-rate funds and used to refinance bank debt, according to Warburg.

Eurofima, the Swiss-based group which funds the purchase of railway rolling stock, raised Pta20bn, passing on the proceeds to Renfe, the Spanish railway operator.

The deal followed a Pta20bn floating-rate note by the European Investment Bank last week but was the first matador bond to be issued for some months and the first ever to carry a 20-year maturity.

Both its term and 11 per cent coupon appealed to Spanish life assurance companies and pension funds, lead manager Banco Bilbao Vizcaya explained.

The European Investment Bank was also back in the markets yesterday, raising L400bn, fungible with a L1,400bn deal launched in June.

J.P.Morgan, together with three Italian banks, led the deal, which was priced at 97.995 with a 10.15 per cent coupon. Morgan said demand was particularly strong in Belgium, and Luxembourg, as well as in Italy.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book runner
US DOLLARS							
Bayer USA	300	7.75	99.479R	Oct.1999	0.30R	+42(7¼%-99)	Deutsche Bank London
Toyota Motor Finance(Neths.)	200	7.125	99.71R	Oct.1997	0.1875R	+20(6½%-97)	CS First Boston
SmithKline Beecham Capital	200	7.375	99.85R	Nov.1997	0.225R	+37½(6½%-97)	SG Warburg Securities
Barlow Intl.Investments(a)§	75	(6½-7)	100.00	Sep.2004	2.50	-	Swiss Bank Corp.
FRENCH FRANCS							
Cofinoga(b)	1bn	7.875	100.435R	Dec.1997	0.24R	+40(9.7%-97)	Soc.Gén./ SBC France
ITALIAN LIRE							
European Investment Bank(c)	400bn	10.15	97.995	Jul.1998	1.375	-	BCI/Cariplo/JP Mrgn/S.Paolo
AUSTRALIAN DOLLARS							
SBC Australia	100	9.50	101.197	Nov.1998	1.75	-	Swiss Bank Corp.
SWISS FRANCS							
BLFA	100	5.50	102.25	Nov.1999	2.00	-	Swiss Bank Corp.
LUXEMBOURG FRANCS							
EBRD(b)	2bn	8.00	102.75	Feb.2000	1.625	-	BGL
PESETAS							
Eurofima	20bn	11.00	100.00	Nov.2014	2.10	-	Banco Bilbao Vizcaya

Final terms and non-callable unless stated. The yield spread (over relevant government bond) at launch is supplied by the lead manager. §Convertible. R: fixed re-offer price; fees are shown at the re-offer level. a) Pricing: ≤18/10/94. Conv prem indicated at 10-15%. Callable from 20/9/99, subject to 130% hurdle, at par. Short 1st coupon. b) long 1st coupn. c) Fungible with L1400bn. Plus 125 days accrued.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		9.000	09/04	93.1900	-	10.10	10.30	10.00
Belgium		7.250	04/04	92.3500	+0.320	8.44	8.58	8.63
Canada *		6.500	06/04	84.7000	+0.800	8.90	8.89	8.80
Denmark		7.000	12/04	87.3000	+0.300	8.95	9.06	9.15
France	BTAN	8.000	05/98	101.5000	-0.040	7.48	7.55	7.45
	OAT	5.500	04/04	88.1600	+0.170	8.10	8.21	8.03
Germany Treu		7.500	09/04	99.6900	+0.500	7.56	7.72	7.52
Italy		8.500	08/04	80.7400	-0.330	11.87†	11.82	12.00
Japan	No 119	4.800	06/99	102.6140	-0.120	4.14	3.97	3.92
Japan	No 164	4.100	12/03	95.8420	+0.060	4.75	4.59	4.56
Netherlands		5.750	01/04	88.4800	+0.360	7.52	7.65	7.45
Spain		8.000	05/04	82.2000	+0.060	11.08	11.21	11.37
UK Gilts		6.000	08/99	90-06	+2/32	8.51	8.72	8.50
		8.750	11/04	87-05	+2/32	8.88	8.88	8.70
		9.000	10/08	102-21	+2/32	8.67	8.83	8.69
US Treasury *		7.250	08/04	97-16	+16/32	7.61	7.86	7.42
		7.500	11/24	96-06	+24/32	7.83	7.86	7.66
ECU (French Govt)		8.000	04/04	89.5700	+0.380	8.59	8.72	8.62

London closing, *New York mid-day. Yields: Local market standard.
† Gross (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

US INTEREST RATES

Lunchtime

		Treasury Bills and Bond Yields			
		One month	4.86	Two year	6.60
Prime rate	7¾	Two month	4.89	Three year	6.90
Broker loan rate	6½	Three month	5.00	Five year	7.29
Fed.funds	4¾	Six month	5.52	10-year	7.83
Fed.funds at intervention	-	One year	5.96	30-year	7.86

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Dec	110.74	111.04	+0.18	111.10	110.80	195,771	143,787
Mar	110.02	110.28	+0.28	110.02	109.88	3	6,199
Jun	109.26	109.52	+0.26	109.26	109.26	2	438

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	CALLS Nov	CALLS Dec	CALLS Mar	PUTS Nov	PUTS Dec	PUTS Mar
110	1.46	1.87	-	0.37	0.87	-
111	0.78	1.30	-	0.74	1.27	-
112	0.35	0.84	-	1.30	1.80	-
113	0.10	0.49	0.93	-	2.44	-
114	0.03	0.25	0.73	-	3.19	-

Est. vol. total, Calls 22,140 Puts 22,459 . Previous day's open int., Calls 252,894 Puts 324,008.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	89.15	89.47	+0.41	89.58	88.89	164994	181617
Mar	88.36	88.72	+0.39	88.80	88.25	706	2604

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	CALLS Nov	CALLS Dec	CALLS Jan	CALLS Mar	PUTS Nov	PUTS Dec	PUTS Jan	PUTS Mar
8900	0.91	1.33	1.13	1.48	0.44	0.86	1.41	1.76
8950	0.61	1.04	0.90	1.24	0.64	1.07	1.68	2.02
9000	0.38	0.79	0.70	1.04	0.91	1.32	1.98	2.32

Est. vol. total, Calls 24147 Puts 30261. Previous day's open int., Calls 270230 Puts 216383

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	98.25	98.00	-0.14	98.25	97.45	42078	60461
Mar	97.10	97.24	-0.14	97.10	97.06	67	2460

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	CALLS Dec	CALLS Mar	PUTS Dec	PUTS Mar
9800	1.77	2.68	1.77	3.44
9850	1.52	2.46	2.02	3.72
9900	1.29	2.26	2.29	4.02

Est. vol. total, Calls 950 Puts 683. Previous day's open int., Calls 19861 Puts 24971

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Dec	87.15	87.18	-0.07	87.55	86.90	51,900	78,546

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	100-21	100-25	+0-07	100-30	100-08	48283	91229
Mar	99-04	99-28	-0-02	99-27	99-04	31	18

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	CALLS Dec	CALLS Mar	PUTS Dec	PUTS Mar
100	2-04	2-45	1-18	2-53
101	1-32	2-10	1-46	3-24
102	1-03	1-55	2-17	3-63

Est. vol. total, Calls 5128 Puts 3874. Previous day's open int., Calls 69870 Puts 38565

Ecu

■ ECU BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Dec	79.90	80.54	+0.40	80.60	79.96	2,032	8,312

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Dec	98-14	98-22	+0-08	98-25	98-14	42,967	410,617
Mar	97-26	98-00	+0-08	98-02	97-25	69	26,555
Jun	97-07	97-12	+0-07	97-14	97-07	1	11,177

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Dec	107.00			107.17	106.90	2067	0

* LIFFE contracts traded on APT. All Open interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

Price Indices UK Gilts	Tue Oct 11	Day's change %	Mon Oct 10	Accrued interest	xd adj. ytd		Low coupon yield Oct 11	Low Oct 10	Low Yr. ago	Medium coupon yield Oct 11	Medium Oct 10	Medium Yr. ago	High coupon yield Oct 11	High Oct 10	High Yr. ago
1 Up to 5 years (24)	119.41	+0.09	119.47	1.47	8.10	5 yrs	8.59	8.60	8.19	8.66	8.66	6.44	8.80	8.83	6.63
2 5-15 years (22)	138.72	+0.14	138.54	1.78	10.29	15 yrs	8.57	8.59	6.98	8.71	8.72	7.11	8.95	8.96	7.22
3 Over 15 years (8)	154.81	+0.08	154.69	2.45	9.81	20 yrs	8.54	8.55	7.10	8.71	8.72	7.17	8.63	8.63	7.34
4 Irredeemables (6)	177.03	+0.19	176.70	3.87	8.83	Irred.†	8.64	8.66	7.23						
5 All stocks (60)	136.10	+0.11	136.02	1.80	9.90										

Index-linked							Inflation 5% Oct 11	Oct 10	Yr. ago	Inflation 10% Oct 11	Oct 10	Yr. ago
6 Up to 5 years (2)	185.24	+0.16	184.90	0.11	5.07	Up to 5 yrs	4.01	4.06	2.53	2.93	3.00	1.77
7 Over 5 years (11)	172.70	+0.17	172.41	0.95	3.85	Over 5 yrs	3.89	3.90	3.15	3.70	3.71	2.98
8 All stocks (13)	173.13	+0.17	172.83	0.86	4.04							

Debentures and Loans						5 year yield Oct 11	Oct 10	Yr. ago	15 year yield Oct 11	Oct 10	Yr. ago	25 year yield Oct 11	Oct 10	Yr. ago
9 Debs & Loans (77)	128.76	+0.08	128.68	2.05	8.86	9.72	9.72	7.78	9.67	9.68	8.05	9.63	9.64	8.17

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT FIXED INTEREST INDICES

	Oct 11	Oct 10	Oct 7	Oct 6	Oct 5	Yr ago	High*	Low*
Govt. Secs. (UK)	90.89	90.86	90.78	90.63	90.18	102.84	107.04	89.54
Fixed Interest	107.60	107.42	107.23	107.02	106.96	124.42	133.87	106.50

* for 1994. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75). Fixed Interest high since compilation: 133.87 (21/1/94) , low 50.53 (3/1/75) . Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974.

GILT EDGED ACTIVITY INDICES

	Oct 10	Oct 7	Oct 6	Oct 5	Oct 4
Gilt Edged bargains	91.2	79.8	78.9	75.5	89.0
5-day average	78.9	76.7	85.1	91.7	104.2

UK GILTS PRICES

Notes	Yield Int	Yield Red	Price £	+ or –	1994 High	1994 Low
Shorts" (Lives up to Five Years)						
Treas 9pc 1994‡‡	8.97	5.55	100$\frac{1}{32}$xd	—	103$\frac{3}{32}$	100$\frac{1}{32}$
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Notes	Yield Int	Yield Red	Price £	+ or –	1994 High	1994 Low
Funding 3½pc 1999-4	4.84	7.58	72$\frac{5}{16}$	+$\frac{1}{4}$	88$\frac{5}{16}$	69¾
Conversion 9½pc 2004	9.07	8.78	104$\frac{3}{4}$xd	+$\frac{1}{4}$	125$\frac{3}{16}$	101$\frac{3}{4}$
Treas 8½pc 2004‡‡	7.74	8.67	87¼	+$\frac{1}{4}$	105¼	84$\frac{1}{2}$
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Notes	Yield (1)	Yield (2)	Price £	+ or –	1994 High	1994 Low
Index-Linked						
2pc '96	(67.9)	2.92	4.20	199½	+$\frac{1}{4}$	203½	197$\frac{1}{2}$
4⅝pc '98‡‡	(135.6)	2.86	3.84	107$\frac{1}{4}$xd	+$\frac{1}{4}$	113$\frac{3}{4}$	106$\frac{1}{2}$
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Other Fixed Interest

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

● "Tap" stock. ‡‡ Tax-free to non-residents on application. E Auction basis. xd Ex dividend. Closing mid-prices are shown in pounds.

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:00 pm on October 11

	Issued	Bid	Offer	Chg.	Yield
U.S. DOLLAR STRAIGHTS					
Abbey Natl Treasury 6½ 03	1000	89⅛	89⅝	+⅛	8.27
United Kingdom 7¼ 97	5500	100½	100¾		6.83
Volkswagen Intl Fin 7 03	1000	94	94½	+⅛	7.98
Abbey Natl Treasury 8 03 £	1000	91	91¼	+⅛	9.58
Alliance Leics 11⅞ 97 £	100	105⅞	106¼	+⅛	8.68
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

YEN STRAIGHTS

	Issued	Bid	Offer	Chg.	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OTHER STRAIGHTS

	Issued	Bid	Offer	Chg.	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DEUTSCHE MARK STRAIGHTS

	Issued	Bid	Offer	Chg.	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWISS FRANC STRAIGHTS

	Issued	Bid	Offer	Chg.	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FLOATING RATE NOTES

	Issued	Bid	Offer	C.cpn
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CONVERTIBLE BONDS

	Issued	Conv. Price	Bid	Offer	Prem.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

COMPANY NEWS: UK AND IRELAND

Deal sets company on path to become a global healthcare business

Japanese move for Amersham

By Tim Burt

Bill Castell: the second tranche could involve an equity placing

Amersham International yesterday took a stride towards becoming a global healthcare business by paying Y8.52bn (£55m) for a 22 per cent stake in Nihon Medi+Physics, Japan's largest manufacturer of "nuclear medicines".

The move follows three years of talks with Sumitomo Chemical Company, NMP's parent, which has granted the UK health science group options to acquire a further 30 per cent stake before the end of the decade.

"This will help Amersham to achieve market leading positions in each of the world's three major nuclear medicine markets – Europe, North America and Japan," said Mr Bill Castell, Amersham chief executive.

If the UK group takes up the options, it would greatly enhance its presence in the Japanese market for nuclear medicines, worth some £220m a year.

The world market for such medicines, which use radioactive materials to identify diseased or damaged organs, is worth an estimated £700m.

The deal – financed from Yen-denominated borrowings – promises to increase the size of Amersham's healthcare division by more than 60 per cent and could contribute sales of £65m. This compares with last year's group total of £324.2m.

Initially, the venture will allow the UK group to use NMP's facilities to make and distribute its products in Japan, where it currently supplies 7 per cent of the market.

In particular, Amersham forecasts growing demand for Ceretec – its brain imaging agent – and an injectable version of Myoview, which detects heart disease. It also hopes to launch Metastron, a pain relief agent for cancer, in east Asia.

If Japan's Fair Trade Commission approves the link-up, Amersham will pay up to Y9.78bn to raise its NMP holding to 50 per cent.

"While we're happy to take the first part of the acquisition on the balance sheet, the second tranche could involve an equity placement," said Mr Castell.

For NMP, which enjoys a market share of close to 60 per cent, the deal promises access to Amersham's lucrative international distribution network, particularly in North America.

Last year, the Japanese company saw pre-tax profits rise 37 per cent to Y3.4bn on sales ahead 13 per cent at Y20.7bn.

While hailing NMP's likely contribution, Amersham has insisted on an exit clause allowing it resell the 20 per cent stake to Sumitomo at the original purchase price should regulatory approval be withheld.

Although interest payments are expected to make the deal earnings dilutive next year, City analysts welcomed the announcement.

"It's a good deal and will be earnings enhancing if the 50-50 partnership goes ahead," said one analyst.

Amersham's shares closed up 17p at 943p.

See Lex

FR ahead 17% and proposes name change

By Andrew Bolger

FR Group, the aerospace engineering company, yesterday reported a 17 per cent increase in pre-tax profits and said it wanted to change its name to reflect the whole of the group's activities.

Paradoxically, the proposed name change to Cobham coincided with news of the planned retirement next June of Mr Michael Cobham, who will by then have been chairman of the Dorset-based company for 26 years.

FR said its present name was identified too strongly with Flight Refuelling, the air-to-air refuelling business which accounts for about 40 per cent of group sales, to the detriment of other divisions.

Sir Alan Cobham – the present chairman's father – founded Flight Refuelling 60 years ago and the group said the name Cobham had a long and well established association with the industry.

Mr Gordon Page, chief executive, said there were no more members of the Cobham family involved with the group, but this seemed an appropriate time to make the change – partly because this year is the centenary of Sir Alan's birth.

The new chairman will be Sir Michael Knight, 61, a non-executive director, who joined the board in 1990. He retired as Air Chief Marshall in 1989 after 35 years' service with the Royal Air Force.

FR's pre-tax profits rose from £10.5m to £12.3m in the six months to June 30, on sales up 16 per cent at £101m. The shares closed up 12p at 290p.

Mr Page said the group had made good progress by "sticking to its knitting". The order book stood at £280m at the period end, and was both long-term and well spread across the group's businesses.

Having cut several hundred jobs in the previous year, Mr Page said that FR had shed only 40 to 50 jobs in the half-year, and benefited from stable buying programmes from Airbus and Fokker.

Last month FR paid £6.7m for Sargent Fletcher, a California-based supplier of air-to-air refuelling equipment to the US Navy. Mr Page said the company was well placed to win a Pentagon contract to install aerial refuelling wing pods on its KC 135 tanker aircraft, which could be worth $100m (£63m) over 10 years.

FR generated cash of £8.8m during the first half and had net cash of £3m at the period end. Earnings came out at 11.01p (9.08p) per share and the interim dividend is lifted to 2.7p (2.46p).

Goodman and bankers are close to agreement

By John MacManus

Mr Larry Goodman, the Irish beef entrepreneur, is close to an agreement to buy back the outstanding 60 per cent of Goodman International which be lost when it was taken over by its banks as part of a rescue deal four years ago.

Mr Goodman and his backers are understood to have offered the 33 banks in the Goodman syndicate, led by Lloyds Bank, up to I£50m (£49m) in settlement of debts in excess of I£300m.

Goodman International has declined to comment on the negotiations other than to say they are extremely complex and it hopes they will be successfully completed by the end of November.

Under the proposed deal Mr Goodman's stake in the company would initially fall from 40 to 35 per cent, but he is likely to have the option to buy back most of the remaining shares. He will remain managing director.

Morgans Waterfall, a US "vulture fund" specialising in high-risk investments, is believed to be prepared to take a stake of up to 25 per cent in the restructured company, while a group of Irish investors, based outside the Republic, are expected to take up to 12 per cent. Morgans Waterfall has refused to comment on the proposed investment.

Other Irish investors are due to participate, including the McCann family who are also shareholders in Fyffes, the fruit and vegetable distributor. Fyffes itself has ruled out taking a stake.

Klesch and Co, the London-based debt trader, has confirmed that it is also involved in the buy-back. The deal is expected to involve a mechanism by which Mr Goodman can increase his stake by buying out the other investors.

The new investors are expected to get representation on Goodman's board. Mr John O'Donnell, finance director, is expected to remain, as is Mr Ian Morrison, the chairman and a former governor of the Bank of Ireland.

Two agreements have to be hammered out between the would-be investors and the banks. One will cover the exit mechanism for the banks, the other the provision of banking facilities for Goodman. Up to 10 of the banks in the consortium are expected to provide it with a working capital facility of about I£100m to cover the peak of the cattle slaughtering season.

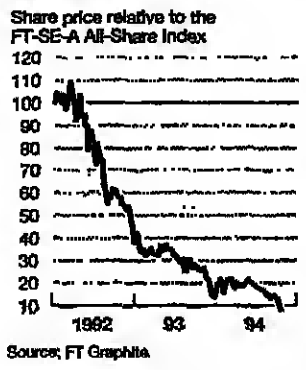
Goodman and the banks have already reached agreement on the distribution of the company's contingent assets should any be realised. Goodman is, for instance, owed I£175m by the Iraqi government for beef exported prior to the Gulf war.

The company, Ireland's largest beef processor and one of the largest in Europe, went into examination – the Irish equivalent of administration – in 1990, owing its banks more than I£500m.

Pentos £36m in the red after exceptional costs

By Paul Taylor

Pentos



Source: FT Graphite

Pentos, the specialist retailing group which is undergoing a restructuring under its new management, reported a £36m pre-tax loss for the half year to July 2 after exceptional costs of £10.5m. There were restated losses of £10.6m last time.

Commenting on the results Mr Bill McGrath, who took over as chief executive in January, said they "should mark a low point in Pentos' fortunes". He added that "considerable progress" had been made in implementing strategic initiatives and refocusing the group since receiving the proceeds of its £45m rescue rights issue in May.

Mr McGrath emphasised that the group's management was only able to focus fully on implementing the initiatives after receipt of the rights proceeds and accordingly the results "do not reflect any of the resulting benefits".

Turnover of continuing operations increased by 7 per cent to £97.9m (£91.5m) including a 2 per cent increase in like-for-like sales at Dillons, the flagship bookstore chain. The group also includes Ryman stationers and Athena Galleries, the cards and poster chain.

The exceptional costs cover a number of items, including £5.7m related to Dillons to cover a more accurate determination of year-end creditors, provisions for prior year debtors, under-accrued property costs and redundancy costs of £400,000 which Mr McGrath said should result in full-year savings of £2m.

Operating losses widened to £22.3m (£7.4m) before unchanged interest charges of £3.2m. Mr McGrath said the losses were attributable to a number of factors including accounting changes and the fact that before the rights issue many suppliers were reluctant to supply stock.

Dillons sales rose 7 per cent to £57.5m and trading losses were £13m before exceptional charges. Ryman reported a £3.8m loss on flat sales from continuing operations of £16.7m while Athena's loss on continuing activities was £5m on static sales of £16.2m.

Losses per share were 17.2p (6.4p) and the interim dividend is again passed.

● **COMMENT**

The latest exceptional costs, while unexpectedly high, should mark an end to the house cleaning at Pentos. Meanwhile the rights issue has enabled the group to re-establish good relations with is suppliers and begin rebuilding the balance sheet which shows bank borrowings of £62.3m at the end of the first half. Looking ahead, Mr McGrath believes Dillons can continue to grow its market share which has recovered from a low of 31.5 per cent in June, and is well positioned to take advantage of the likely demise of the net book agreement. Managers are now under instructions to build sales. Barring the unexpected, the group should break even in the second half. Those still holding the shares which slipped ½p to 14p yesterday, should hang on.

Rumours spark Asprey share tumble

Shares in Asprey fell 17p to 135p yesterday amid market rumours about the financial position of the jewellery retailer, writes Peter Pearse.

On September 9, the shares plummeted from 310p to 200p after a warning that the loss of a few big-spending customers would depress its profits.

Yesterday Asprey said it was forced to put out a statement to the Stock Exchange asserting that the "rumours are without basis in fact". It said that there were three rumours it wished to deny. First, the company had one bad debtor, owing some £30m. Second, it would have to make a £40m write-off for stock. Thirdly, it would not be able to pay its preference dividend.

Asprey responded that at its most recent review, it had stock of £150m. The next review is at the time of the interim results and it did not expect that "further provisions, if any, will be material in the context of the value of the stock as a whole".

It said it had never had a "material bad debt" in its history as a public company. It added that nothing had altered since the profits warning to change its view of the upcoming results for the six months to September 30. It therefore expects to pay the preference.

N Brown improves 19% amid expanding customer base

By Peter Pearse

More buyers and greater spending per head helped N Brown Group, the Manchester-based direct mail order group, announce a 19 per cent increase in first-half profits.

In the 26 weeks to August 27, pre-tax profits rose to £10.8m (£9.02m) on turnover up 14 per cent at £98.4m (£86.2m).

Mr Jim Martin, chief executive, said that of a total database of about 8m people some 1.2m were buyers in the six months, 8 per cent up on last time. Those 1.2m were spending 6 per cent more. The database lists about 200 attributes on each customer.

Sir David Alliance, the chairman whose family holds 58 per cent of the company, said that, although N Brown had been pipped to the acquisition of Country Holidays, a direct seller of country cottage holidays, the company had "no real need to buy". It was also "watching developments" on the TV shopping front, although Sir David reckoned it would not be important this decade.

N Brown recently received the results of a two-year project undertaken by the University of Manchester to ascertain the changing shape of women. Among the conclusions of the survey, which took 30,000 measurements from more than 700 women, were that they had grown bigger and wider, and had figures more conical than hour-glass shaped.

Mr Martin said that this information was being fed into Brown's catalogues and he hoped it would reduce the number of items returned.

Home shopping operating profits rose 15 per cent to £11.9m on turnover up 15 per cent to £95.2m. Within that, the core catalogues for the mature woman accounted for 84 per cent and lifted sales by 10 per cent. However, Fashion World and Candid, for younger women, had sales growth of 31 per cent. This represented 14 per cent of divisional turnover.

Greater efficiencies offset the £1m launch costs of Classic Combination, which accounted for 2.3 per cent of turnover and lost just £200,000. It should move into the black next year.

Earnings rose to 4.97p (4.15p) per share and the interim dividend is raised 20 per cent to 1.35p (1.125p). The shares fell 4p to 240p. With the City looking for £26.5m pre-tax for the full year, they are trading on a multiple of 19.5.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding dividend	Total for year	Total last year
Beckman (A)§ ......fin	2.38	Jan 7	2.38	3.58	3.58
Black (A&C) ......int	4.25	Nov 8	4.25	-	13.5
Brown (N) ......int	1.35	Jan 5	1.125*	-	4*
FR ......int	2.7	Dec 12	2.46	-	7.56
Lendu ......fin	0.25	Nov 30	0.5	0.25	0.5♦
NB Smaller Cos ......int	0.94	-	0.94	-	3.57
St Ives ......fin	4.5	Dec 2	4	6.4	5.5
Sinclair (Wm) ......fin	5.45	Nov 11	5.3	7.15	7
Thorntons ......fin	3.45	Nov 30	2.4	4.9	3.65
Throgmorton Dual ......fin	1.85	Dec 9	1.85	7.1	7.1
Wescol § ......fin	0.25	Dec 15	nil	0.25	nil

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. §USM stock. ♦For 18 months.

Eastern director nets £90,000 from shares

An executive director of Eastern Group yesterday made more than £90,000 profit in a share sale completed just hours before such transactions became prohibited in the run up to the interim results in December.

Mr William Watson exercised 20,000 executive share options at 289p and immediately sold them, with a further 1,200 shares at 740p. He now holds 10,728 shares and has options on 83,897 more as of March 31. He could also receive up to 21,503 shares in April 1996 if targets are met.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 12.10.94: Pool purchase price £/MWh	Final Prices for Trading on 14.09.94: Pool purchase price £/MWh	Pool selling price £/MWh
0030	9.97	11.25	13.18
0100	9.97	11.25	13.18
0130	10.70	11.25	13.18
0200	16.68	11.25	13.18
0230	16.68	11.25	13.18
0300	16.68	9.92	9.92
0330	16.68	9.92	9.92
0400	16.68	9.92	9.92
0430	9.99	9.92	9.92
0500	9.86	9.92	9.92
0530	8.60	9.94	9.94
0600	8.60	9.95	9.95
0630	8.93	15.10	15.04
0700	16.36	16.20	16.14
0730	24.71	16.67	16.61
0800	29.73	16.79	16.75
0830	47.71	16.88	16.85
0900	47.79	17.00	18.07
0930	30.12	17.15	19.19
1000	30.14	17.27	19.35
1030	30.08	17.38	19.48
1100	29.98	17.40	19.51
1130	29.53	17.57	19.73
1200	30.38	30.28	32.43
1230	30.32	30.20	32.35
1300	30.21	29.92	32.00
1330	28.63	17.02	19.04
1400	24.65	16.69	18.67
1430	24.63	16.84	18.81
1500	24.65	16.88	18.79
1530	24.64	16.83	18.80
1600	24.71	16.90	18.89
1630	29.88	17.08	19.12
1700	43.55	31.29	33.38
1730	43.50	31.21	33.26
1800	43.48	31.01	33.01
1830	31.30	16.63	18.67
1900	51.09	16.89	18.66
1930	51.14	16.63	18.57
2000	48.66	16.64	18.58
2030	30.78	16.63	18.67
2100	24.63	16.62	18.55
2130	20.03	16.61	18.54
2200	20.03	16.61	18.84
2230	18.60	16.89	18.84
2300	16.89	16.91	17.84
2330	16.80	16.91	17.84
2400	10.05	14.40	16.34

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £18.58/MWh becomes 1.858p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further [illegible]

CONTRACTS & TENDERS

LEGAL NOTICES

NO. 006139 of 1994

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION

IN THE MATTER OF
STORM GROUP PLC
and
IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 23rd day of September 1994 presented to Her Majesty's High Court of Justice for the confirmation of the reduction of the share premium account of the above-named Company by the sum of £7,450,000 from £7,456,174.96 to £6,174.96.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Registrar Buckley at the Royal Courts of Justice, Strand, London WC2A 2LL on Wednesday the 26th day of October 1994.

ANY Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of the share premium account should appear at the time of the hearing in person or by Counsel for that purpose.

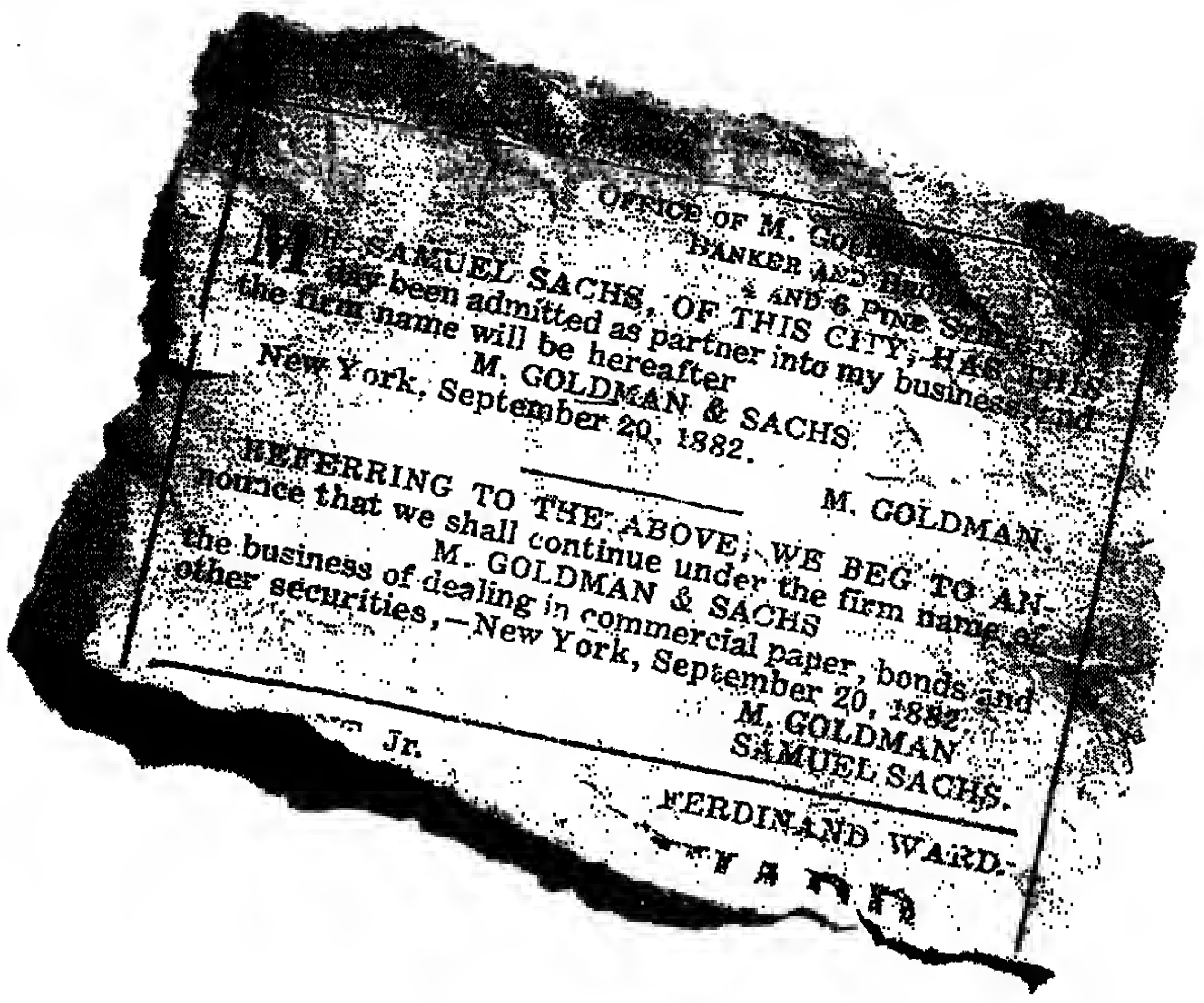
A copy of the said Petition will be furnished to any such person requiring the same by the undermentioned Solicitors on payment of the regulated charge for the same.

DATED this 4th day of October 1994.

Edge & Ellison
18/19 Southampton Place
London WC1A 2AJ
Telephone: 071 404 4701
Reference: AWR/9626
Solicitors for the above-named Company

MEMORIAL SERVICE

A memorial service will be held at St. Brides Church, Fleet Street on Tuesday 8 November 1994 at midday to celebrate the life of David Warren, The City Printing Consultant.



OFFICE OF M. GO
BANKER AND
4 AND 6 PINE S

MR. SAMUEL SACHS, OF THIS CITY, HAS this day been admitted as partner into my business and the firm name will be hereafter
M. GOLDMAN & SACHS.
New York, September 20, 1882.
M. GOLDMAN.

REFERRING TO THE ABOVE, WE BEG TO ANnounce that we shall continue under the firm name of
M. GOLDMAN & SACHS
the business of dealing in commercial paper, bonds and other securities.—New York, September 20, 1882.
M. GOLDMAN
SAMUEL SACHS.

Jr.
FERDINAND WARD.

125 YEARS HAVE TAUGHT US THE VALUE OF PARTNERSHIP.

Over a century ago, on Pine Street in downtown New York City, two individuals launched a partnership. Today, our partnership continues to thrive in 30 offices around the world. We have remained a partnership because it inspires teamwork, creativity and dedication – qualities that are vital to building and sustaining strong client relationships. It is a way of doing business built on the belief that when people are dedicated to working together, excellence and innovation result. Therefore, this year, we celebrate not just our anniversary, but our strong commitment to each other and to our clients. It is a commitment that has served our clients and our firm well for 125 years.

WORKING SINCE 1869

Goldman Sachs

Losses on disposal of non-core businesses keep outcome flat at £22m

£4.93m write-off checks St Ives

By Paul Taylor

Exceptional losses on the disposal of discontinued businesses held back full-year pre-tax profits at St Ives, the UK's largest independent printer.

Although there was a marked improvement at the operating level, the pre-tax line for the 52 weeks to July 29 was flat at £22.3m, compared with £22.1m last time, on turnover ahead 7.1 per cent at £237m (£221m).

Earnings per share slipped from 15.15p to 13.48p. To reflect the improved underlying performance, however, an increased final dividend of 4.5p is proposed, making a total of 6.4p (5.5p).

The shares closed 10p higher at 325p.

The pre-tax outcome was struck after first-half exceptional costs of £4.93m – representing goodwill previously written off to reserves – on the disposal of two non-core businesses, Talbot Publishing Systems in December and Nelson Packaging in March.

Excluding the exceptional items, pre-tax profits increased 23 per cent to £27.2m and earnings per share grew 22 per cent to 18.46p.

Trevor Humphries
Miles Emley: results 'somewhere between not bad and quite good'

Operating profits increased 25 per cent to £26.3m (£21m), while net interest receipts fell to £906,000 from £1.04m.

Mr Miles Emley, chairman, described the results as "somewhere between not bad and quite good". He said they reflected an improvement in some of the group's markets, particularly UK magazines, which benefited from increased paginations, and a turnround in the US magazine business.

However, conditions in the UK books market remained unsettled, particularly as a result of destocking by the large retail chains towards the end of the period. Even so, St Ives maintained or improved its market share in UK general and hardback books and increased international sales of bibles.

The financial printing business was buoyant until the last two months of the year, reflecting the high level of domestic and overseas new issues. The direct mail printing business and compact disc packaging both made gains.

The group ended the period with net cash of more than £36m. It plans to invest £47m in plant and equipment in the next 18 months, adding about 15 per cent to capacity.

● **COMMENT**

St Ives' underlying results were somewhat ahead of expectations. Capacity utilisation in the UK print plants is back above 80 per cent, and overall pre-tax margins have increased from 10.3 to 11.7 per cent – well below the peak of 15 per cent, implying further progress is possible. Meanwhile, the hefty capital expenditure programme should help keep profits moving ahead. The pre-tax figure should reach about £31m this year, producing earnings of about 21p. The shares are trading on a prospective multiple of 15.5, which looks reasonable for a quality printer.

Buoyant operating showing at TLG

By Christopher Price

Operating profits at TLG, the holding company for Thorn Lighting, which is coming to the market next month, jumped from £2.63m to £6.06m for the five months to August 31.

The figures, published yesterday in the pathfinder prospectus, also showed turnover ahead 4 per cent at £138.5m. Higher interest charges of £4.21m, against £12,000, depressed pre-tax profits which declined 41 per cent to £1.85m.

TLG, Europe's second biggest supplier of professional lighting systems, was the subject of a £171.5m management buy-out from Thorn EMI in August last year.

Its flotation involves a placing and public offer to raise about £77m of new money. The company is expected to have a market capitalisation of approximately £225m. Analysts are forecasting operating profits of some £25m for the full year.

Most of the proceeds will go to repairing TLG's balance sheet, which currently has gearing of 93 per cent. Following the float, gearing will drop to just over 23 per cent.

Mr Hamish Bryce, TLG's executive chairman who led the MBO, stressed the company's cash generative nature and said acquisitions could not be ruled out. Germany, which has a fragmented lighting industry, was one area TLG had earmarked for expansion.

Following the float, management, which is currently interested in 3 per cent of the shares, would hold up to 11 per cent. Thorn's share of 12 per cent would be diluted to about 7 per cent, while Investcorp, the Bahrain-based international investment bank, would see its 77 per cent interest fall to approximately 45 per cent.

The shares will be priced when the full prospectus is published on October 27. Applications close on November 3, with the basis of allocation announced the next day.

Dealings in the shares will commence on November 10.

Thorntons confirms recovery with £12.1m

By David Blackwell

Thorntons, the chocolate maker and retailer, yesterday reported record annual profits and sales for the year to June 25, confirming its return to the black at the interim stage.

Pre-tax profits were £12.1m against a loss of £4.8m, when there was a one-off provision of £7.63m to restructure the group's operation in France, as well as a £5.41m charge for goodwill previously written off to reserves.

Operating profits on continuing operations were 20 per cent ahead at £12.8m. Turnover grew to £96.6m, including £3.48m from discontinued operations in France, against £92.5m, including £5.93m from discontinued operations.

Like-for-like sales in France eased from £4.65m to £4.4m against a weak economic background. Commercial sales, mainly to Marks and Spencer and Boots, were 13 per cent ahead at £15m, while sales from the group's retail and franchise outlets were up by just over 7 per cent.

Mr John Thornton, chairman and chief executive, said the results reflected the benefits of changes made in the UK and France. The group would this year concentrate on starting to iron out seasonal variations in its sales patterns by attracting more daily trade.

At the moment the group has only 1 per cent of the daily confectionery trade, but 6 per cent of the gift market. About 30 per cent of sales are made in the Christmas period, with another surge at Easter.

Lydia van der Meer
John Thornton: concentrating on ironing out seasonal variations

The French operation, now concentrated on 20 shops in Paris, halved its losses from £630,000 to £301,000. Mr Thornton said it was breaking even in cash terms in spite of the disruption of reorganisation, but he would not commit himself to predicting a profit this year.

The group ended the year with net cash of £1.12m compared with previous net borrowings of £8.08m. Net interest payable fell from £978,000 to £469,000.

Earnings per share were 12.19p (11.94p losses). A final dividend of 3.45p (2.4p) is recommended taking the total to 4.9p (3.65p).

● **COMMENT**

Strong cash generation and a 34 per cent rise in the dividend highlight the strength of Thorntons' recovery. The group is moving in the right direction by trying to expand day-to-day sales of confectionery, but overall it remains a seasonal business driven by the sale of gifts. Given no further problems in France, and good sales at Christmas, profits can be expected to top £13.5m this year. This, with the shares up 5p at 183p yesterday, puts the group on a prospective multiple of 13, which is beginning to look attractive.

Enlarged William Sinclair moves ahead 9% to £4.2m

By Peter Franklin

A "sound performance" across the group, with increases in sales, profits and margins, was yesterday reported by William Sinclair Holdings.

Pre-tax profits of the Lincoln-based group, which supplies products to the garden, leisure and pet markets, showed a 9.3 per cent advance from £3.82m to £4.17m in the year to June 30. Turnover was up 7.4 per cent from £38.5m to £41.3m.

The figures included a contribution from the peat business acquired for £2.76m from Zeneca in late January.

This business had been successfully integrated into the horticultural division, said Mr Tom Sinclair, chairman, and would make the company self-sufficient in peat.

Because of the seasonal nature of the group's activities, and their susceptibility to adverse weather conditions, it was impossible to indicate any significant trends at this stage, he said.

The spring season – the most important sales period for the group – got off to a very poor start. "Most people have probably by now forgotten that April this year had been one of the wettest on record for some 60 years," Mr Sinclair said, and this had resulted in additional costs.

However, sales volumes subsequently recovered and, helped by the increased acreage made available by the Zeneca purchase, the peat harvest turned out to be satisfactory.

The bulk of the group's income is still derived from the horticultural division which, bolstered by a £164,000 contribution from the Zeneca business, made an operating profit of £2.82m (£2.46m) from turnover of £31m (£28.6m).

The pet, aquatic and household division achieved operating profits of £1.34m (£1.21m) on sales of £10.3m (£9.89m). Companies within this division operated in a fragmented market, Mr Sinclair said, and the group had embarked on a programme to merge them.

Sinclair ended the year with a strong balance sheet, with no borrowings and net cash of £4.75m.

Earnings came out at 13p (12.2p) per share and a proposed final dividend of 5.45p makes a total for the year of 7.15p (7p).

Inchcape sells M5 service area to management

Inchcape, the international motors, services and marketing group, has sold the services area on the M5 motorway at Strensham, Worcestershire, to its management for about £12m, writes Andrew Bolger.

Inchcape acquired the site with TKM, the motor dealer it bought for £383m in 1992.

The Strensham management was backed by the Birmingham office of 3i, the investment capital group, and advised by Coopers & Lybrand and Edge and Ellison in Birmingham.

Strensham, which will now trade under the TakeaBreak name, is situated on both sides of the M5 motorway, and employs 209 full-time staff and 65 part-timers, catering for 6m visitors annually.

3i led the equity element of the total finance requirement of £16.8m, providing £4m.

City welcomes a breath of clean air

Andrew Bolger on why Domnick Hunter's shares have risen since its March flotation

This year's wave of new issues has proved to be a mixed bag. However, few companies have made as good an impression on the City as Domnick Hunter Group, a small manufacturer of filters for compressed air and liquids.

The Tyneside-based company came to the market in March through a placing which gave it a market value of £65m. The flotation attracted a lot of interest, in spite of the shares being aggressively priced at 200p, or 21.5 times historic earnings.

They have since risen to 262p, bolstered by last month's announcement of a 29 per cent increase in interim profits and an upbeat trading statement. So just what is the attraction of this group, described by analysts as "a little gem" and "one of the best small companies I have ever seen"?

Investors have been impressed by the group's strong market position: it exports more than 60 per cent of its output to 40 countries and managed to expand its sales and profits throughout the recession.

About 75 per cent of the group's sales come from its industrial division, which makes filters that remove dirt, oil and moisture from compressed air. Its most sensitive filters make air one million times cleaner than the air we breathe.

Domnick Hunter makes significant revenue from replacement cartridges and also supplies original equipment manufacturers, which incorporate the group's filters into their own compressors.

A growing proportion of the industrial division's sales come from dryers, which use molecular sieve technology developed in the US to produce clean dry air for the most critical of applications, such as paint-spraying or the handling of sensitive electronic components.

Mr Brian Thompson, chairman, says Domnick Hunter's real expertise lies not just in manufacturing, but in finding solutions for each application. The group uses computer-aided design to study how air flows through systems to establish the optimum size and positioning of filters.

All this adds up to an extremely lucrative business, which has a wide spread of customers both geographically and across a broad range of industries. The division currently enjoys a margin of operating profits to sales of nearly 20 per cent.

However, what has most excited analysts about its prospects is the recent move into making nitrogen generation equipment. In January it paid £1.7m for Nitrox, a manufacturer which it had been working with for several years.

Mr Thompson says the group's new nitrogen generators, which he claims produce nitrogen gas from compressed air at a fraction of the cost of cylinder supplies, are attracting tremendous interest. Sales increased by 50 per cent to £660,000 in the first six months of the year.

Brian Thompson: new nitrogen generators are attracting interest

Mr Thompson says: "The potential nitrogen market is huge. Bottled is 35 per cent of what is a £2bn worldwide market."

Domnick Hunter's other division is process, which makes sophisticated membranes to filter pharmaceuticals and liquids such as mineral water, wine and spirits.

The business was established during the eighties to reduce the group's dependence on compressed air, but is still described as being in an evolutionary phase. Domnick Hunter is one of only a small number of international companies which can make these membranes. Although smaller than its US and German competitors, it has won more than 20 per cent of the UK market.

The process division's sales rose 14 per cent to £4.2m in the first half, but heavy investment in an overseas sales network caused operating profits to fall from £151,000 to £51,000.

Domnick Hunter was founded in 1963 and bought by the Scottish coachbuilder Walter Alexander in the 1970s. In 1990 Mr Thompson led a £42m management buy-out for the whole group. Two years later, the coachbuilding division organised its own buy-out and the company was left as a specialist filter operation.

The group employs 550, mainly divided between the group headquarters at Birtley and a factory at Team Valley, both in Tyne and Wear. The flotation reduced heavy borrowings and has allowed work to start on a £2.5m extension to the industrial division's Birtley plant, expanding space by 50 per cent.

Domnick Hunter has also invested heavily in increasing efficiency. Both managers and employees are converts to Japanese methods of continuous improvement and just-in-time manufacturing. The enthusiastic atmosphere apparent at the plants – which are set in an area of high unemployment – is fostered by regular team building activities.

The price increase since flotation means the shares are trading on a prospective multiple that represents a 60 per cent-plus premium to the market. However, the shares are tightly held. Given the group's quality and growth prospects, institutions which snapped up stakes are likely to stay on board.

NEWS DIGEST

Welpac loss deepens to £1.25m

Shares in Welpac fell by 3p to 14p yesterday after the hardware and gardening products maker reported pre-tax losses of £1.25m for the half year to July 31. There were losses of £138,000 last time although continuing operations produced a £1,000 profit.

The result was after exceptional costs of £224,000 (£25,000), being redundancy costs of £144,000 and an £80,000 loss on the termination of a supply arrangement.

Mr Gerald Lavender, chairman, said the "extremely disappointing" results were largely because of a fall in turnover, particularly in the second quarter when sales were 26 per cent below budget. Turnover of continuing operations declined to £7.88m (£10.1m).

Interest charges fell to £224,000 (£266,000) partly because of the £2.64m received from the placing and open offer in May.

Losses per share deepened to 3.2p (0.5p).

Mr Peter Dixon, who has been appointed a director, will take over as non-executive chairman in February. Mr Lavender retires from the board at the 1995 AGM.

A Beckman lower

A Beckman, the property and textiles group, announced pre-tax profits nearly halved from £790,000 to £403,000 in the year to June 30.

Mr Melvin Lawson, chairman, said textiles margins had been squeezed whils rental income had fallen mainly because of vacant space.

Although that had now largely been relet it was at lower rents and as a consequence the associated company suffered a loss, of which the group's share was £128,000. The properties have been revalued downwards and there would be ongoing losses for the foreseeable future, Mr Lawson said.

Turnover amounted to £17.8m (£14.5m) with property contributing slightly less at £1.49m (£1.55m). Earnings per share fell to 2p (4.7p) but the dividend is held at 3.58p with a proposed unchanged final of 2.38p.

NB Smaller Cos

NB Smaller Companies Trust, the former North British Canadian Investment, had a net asset value of 145.2p per share at August 31, up from 137.1p a year earlier, but lower than the year end figure of 151.5p.

Net revenue for the six months edged ahead to £479,000 (£471,000), equivalent to earnings of 1.78p (1.74p) per share. The interim dividend is maintained at 0.94p.

A&C Black up 27%

A&C Black, the publisher, lifted pre-tax profits by 27 per cent from £244,000 to £310,000 in the six months to June 30.

The increase was helped by a "further small improvement" in publishing margins, the company said.

Turnover rose 9 per cent to £3.66m (£3.38m).

The interim dividend is unchanged at 4.25p, payable from earnings per share of 13.9p, up from 10.6p.

Wescol recovers

Wescol Group, the Halifax-based steel fabrication and construction company, has continued its recovery and, following a stronger second half, reported pre-tax profits of £260,000 for the 12 months to July 31.

The increase from last time's £30,000 was achieved on turnover ahead from £15.2m to £18.3m, and reflected a reduced interest burden following last November's £2.9m rights issue. The company was now cash positive.

Mr Peter Price, chairman, said the company was seeing "a much closer balance of capacity and demand" and intended to enlarge the Halifax factory to provide additional production and design facilities. Current order intake showed a "substantial" improvement over last year.

Earnings per share were 1p (0.4p) and a dividend of 0.25p – the first since 1990 – is proposed. The company plans to move from the USM to the Official List "in a few weeks".

Throgmorton Dual

The split capital Throgmorton Dual Trust reported a rise in net asset value – from 718.3p to 727.3p per capital share – during the year to July 31.

Net revenue also showed little change at £1.58m (£1.57m), for earnings of 6.86p (6.82p) per income share. A maintained final dividend of 1.85p holds the annual total at 7.1p.

Lendu losses

Pre-tax losses at Lendu Holdings, which invests in irrigated and dryland cotton, cereal and beef cattle production in Queensland, were £87,000 for the year to June 30. Turnover was £589,000. Losses at the interim stage were £126,000.

The company said widespread drought in eastern Australia had led to a lack of any significant cotton crop, but this was partly offset by a better than expected wheat crop.

Earnings per share were 0.29p and the recommended dividend is halved to 0.25p.

Lendu achieved pre-tax profits of £1.15m for the 18 months ended June 30 1993 on turnover of £1.95m, including £549,000 from discontinued operations. Earnings per share were 8.68p.

The change in the year end was to coincide with the cropping cycle of cotton.

Hadleigh disposal

Hadleigh Industries, the USM-traded storage tank manufacturer, has sold its lossmaking Lynton offshoots to Inhoco 358 for some £490,000, of which £100,000 is deferred.

Hadleigh will use the proceeds to reduce borrowings.

Goldsmiths buy

In a £838,000 cash deal, Goldsmiths Group, the retail jeweller, has bought the stock, fixtures and fittings of Winegartens, and has leased part of its premises in Bishopsgate, London.

At December 31 1993 Winegartens had audited fixed assets and stock of £762,000. It reported a pre-tax loss of £7,000 for the year.

Badgerline purchase

Badgerline, the Avon-based bus company, has bought Durbins Coaches for £540,000.

The vendors, Mr JR Durbin and Mrs BM Durbin, will receive £98,000 in cash, £295,000 in Badgerline shares and the balance in loan notes.

FT
FINANCIAL TIMES
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GIFTS THAT MEAN BUSINESS

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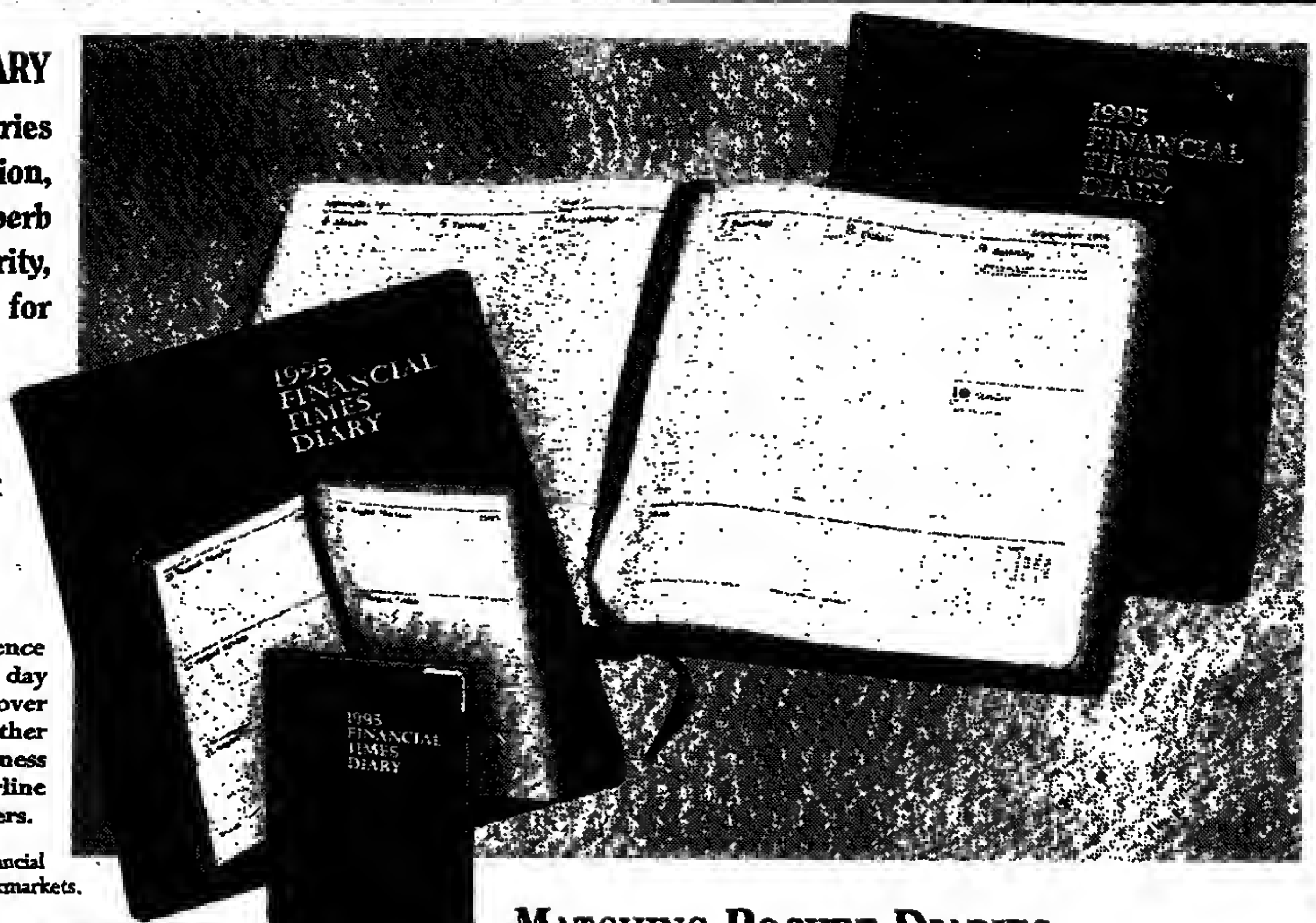

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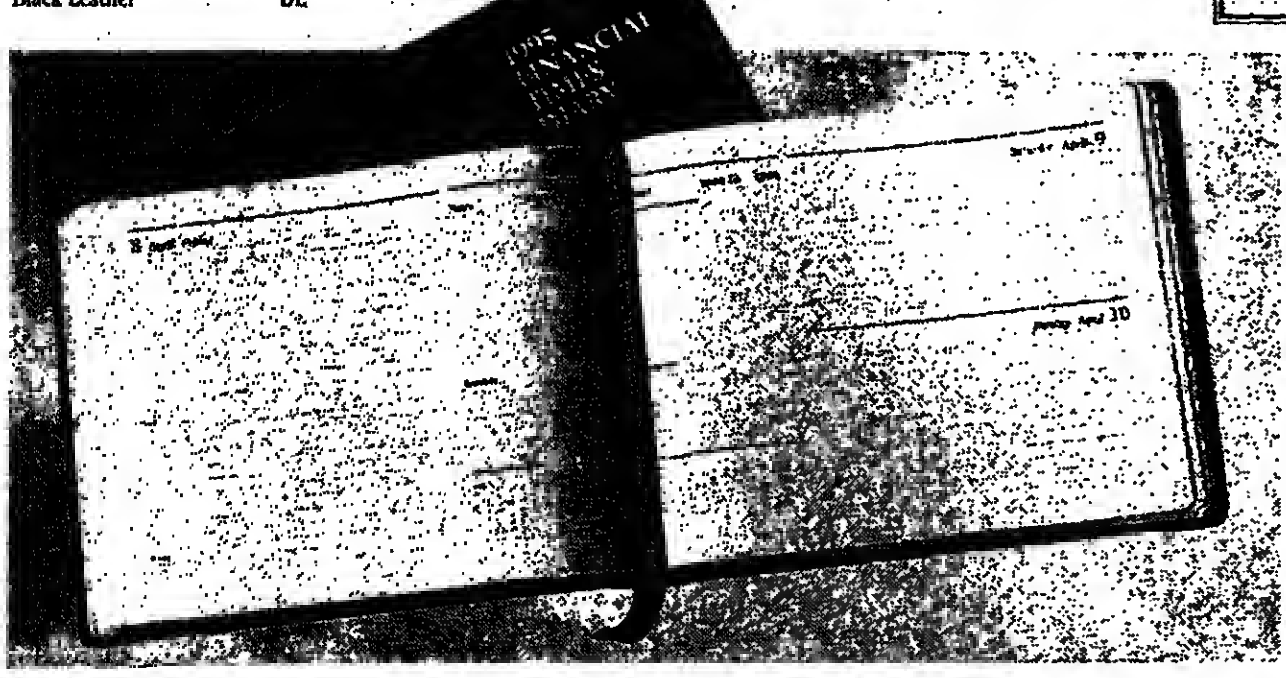

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COMMODITIES AND AGRICULTURE

LME urged to tighten its rules after Chilean losses

By Kenneth Gooding, Mining Correspondent

A call for the London Metal Exchange to introduce more stringent rules was made last night by Mr Juan Villarzu, president of Codelco, the state-owned Chilean copper group that last year lost about US$200m on metals trading.

Using the LME's annual dinner to launch his appeal, Mr Villarzu expressed particular concern about the exchange's system of "carries at historical prices". He said: "Had you the opportunity to examine the trading contracts which Codelco entered into during 1993, you would have been amazed at the number of transactions whose prices had no direct relationship with the market prices ruling at the date and time of the transaction".

London Metals Week

He suggested that the LME's most valuable asset – its credibility – was possibly baing jeopardised by "the abuse of certain practices which came to our attention while examining our last year's futures trading".

Mr Villarzu also called for producers and consumers to be given a bigger share in tha running of the LME.

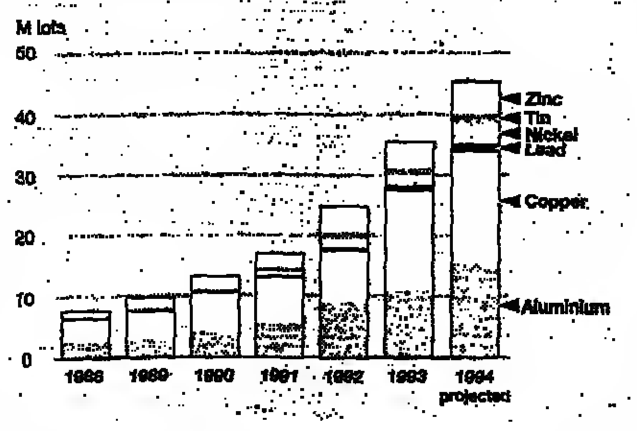
Replying immediately, Mr Raj Bagri, the LME chairman, said that if any member had misused the historical prica carries system "we will not hesitate to take appropriate action." Howavar, market users could not be absolved from their responsibilities. "Failure of controls, supervision or systems at their end will not be an acceptable excuse for aiding and abetting any misuse of our markets by their staff or management," he declared.

Mr Bagri pointed out that the break-neck speed at which derivatives and futures trading had taken root and spread across the full spectrum of financial and commodity markets "has in many instances left managements far behind in having in place adequate, effective and timaly suparvisory measures to monitor and control risks."

Nevertheless, the LME hoped to have in place by early next year measures "to limit any perceived dangers of historical price carries".

Mr Bagri said where heavy losses had been suffered from its derivative and futures trading, the LME had responded constructively to requests for co-operation from any properly constituted organisation investigating those losses.

LME futures and options turnover



Exchange awakens to attractions of non-trade investment

By Kenneth Gooding

The London Metal Exchange once was hostile to fund and other non-trade activity in its markets, said Mr David King, the exchange's chief executive, yesterday, but now welcomed this business because it enhanced liquidity and therefore reduced volatility.

However, although fund activity on the LME had grown significantly in tha past few months, it was not nearly as large as occasionally portrayed in the media and represented less than 5 per cent of the exchange's turnover.

Funds were attracted to the LME by the apparent potential for metals price rises based on genuine fundamentals. Also "the LME now has a very deep, liquid market compared with the size of market it had at the time of the last [economic] recovery, and financial engineering and rocket scientist technology which was now widely available – and all the ingredients ware there for funds, in various guises, indices, warrants and other products, to mova in and create positions in LME's market."

The LME's turnover had increased sixfold in six years to 35.3m "lots" in 1993, equivalent to 800m tonnes of metal valued at US$1,000bn, he pointed out at a confarence organised by Metal Bulletin. In 1994 turnover would increase by another 35 per cent to about 45m lots, or nearly $2,000bn.

LME users needed to adjust in future to a new "fundamental" in LME price discovery, said Mr King. "Along with supply/demand levels, rock blasts, miners' strikes and LME stock levels there must be added the fundamental of non-trade activity – the movement of funds into or out of LME markets, driven by their own trading strategies or chart points, causing with their movement, a movement in LME prices."

Zambia seeks partner to develop copper mine

Outright privatisation of the giant Konkola deposit is ruled out, writes Leslie Crawford

The government of Zambia is likely to hive off tha massive ore body of Konkola from the state-run Zambia Consolidated Copper Mines in an attempt to attract foreign loan or equity capital to develop the $600m project.

President Frederick Chiluba acknowledged in an interview that private investment was urgently required to reverse the ailing fortunes of Zambia's copper industry, which remains the fulcrum of the economy. Since nationalisation, copper production has nose-dived from a peak of 700,000 tonnes a year in the mid-1970s to balow 400,000 tonnes. Output is forecast to halve again by the turn of the century unless the Konkola Daep deposit, with mineral resources of 381m tonnes containing 3.5 per cent copper, can be brought into operation before ZCCM's existing mines are exhausted.

"Naw projects, such as Konkola, should be able to attract private investmant on their own," President Chiluba said. To make the project more attractive to foreign investors, he said Konkola might be run as a subsidiary of ZCCM, free from the parent company's financial constraints.

President Chiluba's plan, however, stops short of outright privatisation. Both he and ZCCM's management are searching for formulas that would keep Konkola under state control.

"Konkola is the jewel in our crown," says Mr Edward Shamutete, ZCCM's chief executive. "If we privatise Konkola the rest of ZCCM is a dead duck."

The government has already turned down an offer by Anglo American Corporation of South Africa to lead a consortium that would develop Konkola as an independent joint-venture – relegating ZCCM to a minority role. Anglo American is disappointed. As ZCCM's main minority shareholder, having retained a 27 per cent stake in the company following nationalisation, the South African mining house is as anxious as the government to get Konkola off to an early start.

Mr Shamutete believes ZCCM could raise the $600m required to develop Konkola if the government were to lighten the company's $740m debt burden by absorbing $220m owed to the Paris Club of creditor nations. Earlier this year, the ZCCM board appointed Nikko Securities of Japan to put together a loan package for Konkola. But few believe Nikko will be successful.

ZCCM's chief executive knows that he is in a race against time.

In the meantime, his own investment budget is shrinking. Low copper prices drove ZCCM's operations into the red last year, with the company posting losses of $135m in the six months to March 1994. A short-term recovery plan, which includes slashing ZCCM's investment budget from $150m to $105m this year and making redundant 10,000 miners – one-fifth of the workforce – is behind schedule. Mr Shamutete admits that by September production of finished copper was still 7 per cent below target and that efforts to lower production costs had only met with partial success.

His aim is to transform ZCCM into an efficient, low-cost producer ahead of privatisation, which remains the government's stated goal. When and how privatisation will take place is less certain.

The cabinet last week rejected a report by German consultants that recommended the carve up of ZCCM into five units for privatisation.

Not surprisingly, both Anglo American and ZCCM's management were also opposed to the options outlined by Kienbaum Development Services, the German consultants. Mr Anderson Mazoka, Anglo American's managing director in Lusaka, believes the company would be better managed as a single unit under one group of shareholders. "Tha break up of ZCCM would lead to the rapid closure of the less profitable divisions," he says. He believes the negotiations to sell off separate units would be long and costly and would open up opportunities for corruption.

Few doubt that if ZCCM were to be privatised as a single unit Anglo American would become the controlling shareholder – an option which is also politically unacceptable to the government, as it would place the country's entire copper wealth, and the source of 90 per cent of Zambia's export earnings, in the hands of one multinational.

President Chiluba says ha plans to commission another study into ZCCM's options for privatisation. He admits that the sheer complexity of the exercise as well as the absence of a national consensus on the issua make it unlikaly that ZCCM will be privatised during his present term of office, which ends in 1996.

'Konkola is the jewel in our crown. . . If we privatise it the rest of ZCCM is a dead duck.'

MARKET REPORT

Gold price finds support after touching 6-week low

The GOLD price dipped to the lowest level since the end of August at the London bullion market yesterday before struggling back up a little in what one dealer described as "a bit of a dead cat bounce".

"But at least it seemed to have found a level and may even be trying to break through on the upside," he added as the price closed at $388.25 a troy ounce, down $2.25 on the day and $4.45 on the week so far, but $2.75 above its lunchtime low.

Bullion's shaky morning was prompted by a lacklustre performance on Monday and Australian producer and commission house selling finding tha market long, dealers said.

They added that disillusionmant had set in for the longs after the price failed to get through $400 an ounce when apparently well primed two weeks ago and to a lesser extent last week.

"It may pick up from here," one suggested. "It needed this to clear out the tired longs."

London Metal Exchange COPPER prices staged a sharp mid-afternoon rally after hearing that tha cheapest offer to the US Mint at its tender yesterday was $2,575 a tonne, confirming that high premiums ruled in the US market, dealers said.

Short-covering and speculative buying saw the three moths price climb from an early low of $2,464 a tonne to close at $2,486, still down on its earlier high of $2,506 and $$5.50 below Monday's close.

Dealers said copper earlier fell under speculative and stop-loss selling but appeared to find support below its medium term trendline at $2,470. They noted that a big fall in LME stocks had been reported in the morning as metal continued to be shipped from Europe to the premium US market.

At the London Commodity Exchange COFFEE futures shrugged off an early plunge to end the day significantly higher, helped by a short-covering rally and increased roaster buying. At the close the January position was quoted at $3,533 a tonna, $87 up on the day and $183 abova the morning low.

The early fall was prompted by a weak close on Monday in New York. But traders said that they then noticed increased roaster and trada buying. "Being a lot cheaper, they will be a lot more comfortable buying at these levels," one explained.

OIL prices moved in a fairly narrow range as uncertainty about the implications of the Gulf crisis for future supply led dealers to adopt a cautious stance.

Compiled from Renters

LME WAREHOUSE STOCKS (As at Monday's close) tonnes

Aluminium	-22,150	to 2,246,650
Aluminium alloy	unchgd	at 26,580
Copper	-13,875	to 333,500
Lead	-175	to 368,575
Nickel	+240	to 148,582
Zinc	-1,575	to 1,235,675
Tin	-250	to 31,935

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE
(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1616.5-7.5	1635.5-6.0
Previous	1616.5-7.5	1634-5
High/low		1641/1630
AM Official	1619.5-20.5	1638-9
Kerb close		1641-2
Open int.	253,383	
Total daily turnover	21,317	

■ ALUMINIUM ALLOY ($ per tonne)

	Cash	3 mths
Close	1650-60	1675-80
Previous	1655-60	1675-80
High/low		1680
AM Official	1650-60	1675-80
Kerb close		1075-80
Open int.	2,871	
Total daily turnover	190	

■ LEAD ($ per tonne)

	Cash	3 mths
Close	625-6	638.5-9.0
Previous	631-1.5	643.5-4.0
High/low		646/634
AM Official	623.5-4.0	636.5-7.0
Kerb close		639-40
Open int.	42,377	
Total daily turnover	5,566	

■ NICKEL ($ per tonne)

	Cash	3 mths
Close	6475-85	6580-90
Previous	6555-60	6660-5
High/low	6533	6720/6550
AM Official	6531-3	6635-40
Kerb close		6570-80
Open int.	73,948	
Total daily turnover	10,683	

■ TIN ($ per tonne)

	Cash	3 mths
Close	5290-300	5370-80
Previous	5310-20	5395-400
High/low		5440/5350
AM Official	5270-80	5355-60
Kerb close		5360-70
Open int.	15,674	
Total daily turnover	4,040	

■ ZINC, special high grade ($ per tonne)

	Cash	3 mths
Close	1036-7	1058-9
Previous	1039-40	1060-1
High/low		1064/1053
AM Official	1033-4	1055-5.5
Kerb close		1058-9
Open int.	104,137	
Total daily turnover	17,614	

■ COPPER, grade A ($ per tonne)

	Cash	3 mths
Close	2485-6	2485-6
Previous	2497.5-8.5	2491-2
High/low		2506/2465
AM Official	2473-4	2475-6
Kerb close		2480-1
Open int.	222,510	
Total daily turnover	53,136	

■ LME AM Official £/$ rate: 1.5855
LME Closing £/$ rate: 1.5805

Spot:1.5780 3 mths:1.5771 6 mths:1.5740 9 mths:1.5702

■ HIGH GRADE COPPER (COMEX)

	Close	Day's change	High	low	Open int	Vol
Oct	116.00	-1.00	116.10	116.00	2,274	244
Nov	115.25	-	-	-	1,164	54
Dec	114.35	-0.50	115.00	112.30	39,438	4,501
Jan	114.00	-0.40	112.60	112.60	790	1
Feb	113.55	-0.35	-	-	456	10
Mar	113.15	-0.35	113.50	111.90	6,515	425
Total					57,213	5,384

PRECIOUS METALS

■ LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (Troy oz.)	$ price	£ equiv.
Close	388.00-388.50	
Opening	389.80-390.20	
Morning fix	389.45	245.710
Afternoon fix	387.65	245.038
Day's High	390.00-390.50	
Day's Low	386.00-386.50	
Previous close	390.30-390.70	

Loco Ldn Mean Gold Lending Rates (Vs US$)
1 month ....4.62 6 months 4.94
2 months ....4.67 12 months 5.30
3 months 4.81

Silver Fix	p/troy oz.	US cts equiv.
Spot	350.60	555.75
3 months	355.50	563.20
6 months	361.00	570.90
1 year	374.65	589.55

Gold Coins	$ price	£ equiv.
Krugerrand	382-385	247-250
Maple Leaf	398.30-400.80	-
New Sovereign	91-94	57-60

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Open int	Vol.
Oct	387.8	-3.1	388.5	387.8	158	7
Nov	388.7	-3.2	-	-	-	-
Dec	390.2	-3.2	392.5	388.0	106,659	15,846
Feb	393.5	-3.2	395.8	391.3	20,007	161
Apr	397.1	-3.2	399.8	395.2	7,194	10
Jun	400.6	-3.3	402.7	400.0	10,361	1
Total					179,772	16,111

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Open int	Vol.
[illegible]						

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Open int	Vol.
[illegible]						

■ SILVER COMEX (100 Troy oz.; Cents/troy oz.)

	Sett price	Day's change	High	Low	Open int	Vol.
[illegible]						

ENERGY

■ CRUDE OIL NYMEX (42,000 US galls. $/barrel)

	Latest price	Day's change	High	Low	Open int	Vol
[illegible]						

■ CRUDE OIL IPE ($/barrel)

	Latest price	Day's change	High	Low	Open int	Vol
[illegible]						

■ HEATING OIL NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Open int	Vol
[illegible]						

■ GAS OIL IPE ($/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
[illegible]						

■ NATURAL GAS NYMEX (10,000 mmBtu; $/mmBtu.)

	Latest price	Day's change	High	Low	Open int	Vol
[illegible]						

■ UNLEADED GASOLINE NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Open int	Vol
[illegible]						

GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Nov	103.60	-0.15	103.85	103.35	1,945	195
Jan	105.55	-0.20	106.00	105.45	1,962	156
[illegible]						

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Open int	Vol
[illegible]						

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

	Sett price	Day's change	High	Low	Open int	Vol
[illegible]						

■ BARLEY LCE (£ per tonne)

	Sett price	Day's change	High	Low	Open int	Vol
[illegible]						

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Open int	Vol
[illegible]						

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

	Sett price	Day's change	High	Low	Open int	Vol
[illegible]						

■ SOYABEAN MEAL CBT (100 tons; $/ton)

	Sett price	Day's change	High	Low	Open int	Vol
[illegible]						

■ POTATOES LCE (£/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
[illegible]						

■ FREIGHT (BIFFEX) LCE ($10/index point)

	Sett price	Day's change	High	Low	Open int	Vol
[illegible]						

	Close	Prev
BFI	1789	1772

Minor Metals
European free market, from Metal Bulletin, $ per lb in warehouse, unless otherwise stated (last week's in brackets, where changed). Antimony: 99.6%, $ per tonne, 5,780-5,970 (5,730-5,830). Bismuth: min. 99.99%, tonne lots 3.65-4.00 (3.75-4.00). Cadmium: min. 99.5%, 200-215 (200-220) cents a pound. Cobalt: MB free market, 99.8%, 27.50-28.50 (27.50-28.75); 99.3%, 26.50-26.75. Mercury: min. 99.99%, $ per 76 lb flask, 110-135 (110-130). Molybdenum: drummed molybdic oxide, 4.10-4.30 (3.80-3.95). Selenium: min 99.5%, 3.35-4.65. Tungsten ore: standard min. 65%, $ per tonne unit (10kg) WO3, cif, 45-55. Vanadium: min. 98%, cif, 1.35-1.50. Uranium: Nuexco exchange value, 7.00 (7.10).

SOFTS

■ COCOA LCE (£/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	938	+4	942	928	24,828	800
Mar	974	+4	976	962	40,157	2,069
[illegible]						

■ COCOA CSCE (10 tonnes; $/tonnes)

	Sett price	Day's change	High	Low	Open int	Vol
[illegible]						

■ COCOA (ICCO) (SDR's/tonne)

	Price	Prev. day
Oct 10	[illegible]	[illegible]
Daily	[illegible]	[illegible]

■ COFFEE LCE ($/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
[illegible]						

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
[illegible]						

■ COFFEE (ICO) (US cents/pound)

	Price	Prev. day
Oct 10	[illegible]	[illegible]
Comp. daily	[illegible]	[illegible]
15 day average	[illegible]	[illegible]

■ No7 PREMIUM RAW SUGAR LCE (cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
[illegible]						

■ WHITE SUGAR LCE ($/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
[illegible]						

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
[illegible]						

■ COTTON NYCE (50,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
[illegible]						

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
[illegible]						

VOLUME DATA
Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears.

INDICES

■ REUTERS (Base: 18/9/31=100)

Oct 11	Oct 10	month ago	year ago
2036.5	2037.0	2097.1	1578.4

■ CRB Futures (Base: 1967=100)

Oct 10	Oct 7	month ago	year ago
227.93	229.17	233.14	219.25

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Oct	67.425	+0.550	67.800	66.500	10,046	10,796
Dec	68.675	+0.075	68.800	67.600	26,977	9,413
[illegible]						

■ LIVE HOGS CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
[illegible]						

■ PORK BELLIES CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
[illegible]						

LONDON TRADED OPTIONS

Strike price $ tonne — Calls — — Puts —

■ ALUMINIUM (99.7%) LME	Dec	Mar	Dec	Mar
1625	59	89	42	37
1650	47	77	55	80
1675	36	66	69	93
■ COPPER (Grade A) LME	**Nov**	**Feb**	**Nov**	**Feb**
2500	57	94	82	124
2550	47	74	112	154
2600	32	58	147	186
■ COFFEE LCE	**Nov**	**Jan**	**Nov**	**Jan**
3600	81	226	122	293
3650	63	209	154	326
3700	48	193	189	360
■ COCOA LCE	**Dec**	**Mar**	**Dec**	**Mar**
925	36	87	23	38
950	24	72	36	48
9750	15	60	52	01
■ BRENT CRUDE IPE	**Nov**	**Dec**	**Nov**	**Dec**
1650	2	57	2	44
1700	5	40	40	80
1750	1	31	90	111

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel/Nov)		+or-
Dubai	$15.45-5.48t	-0.35
Brent Blend (dated)	$16.33-6.37	-0.37
Brent Blend (Nov)	$16.33-6.37t	-0.37
W.T.I. (1pm est)	$17.87-7.89t	-0.325
■ OIL PRODUCTS NWE prompt delivery CIF (tonne)		
Premium Gasoline	$173-176	
Gas Oil	$158-160	-9
Heavy Fuel Oil	$91-94	-1
Naphtha	$167-168	-1
Jet fuel	$177-178	-3.5
Diesel	$162-163	-2

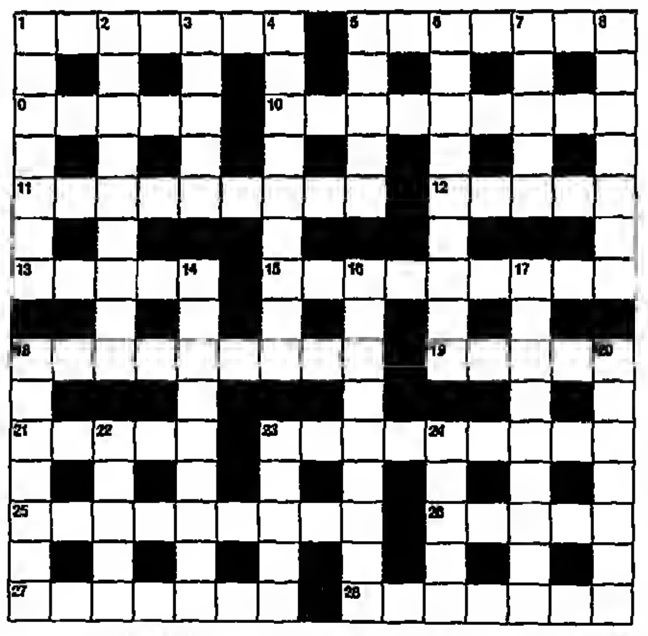
Petroleum Argus. Tel. London (071) 359 8792

■ OTHER		
Gold (per troy oz)♣	$388.25	-2.25
Silver (per troy oz)♣	560.5c	-8.00
Platinum (per troy oz.)	$414.50	-2.60
Palladium (per troy oz.)	$160.25	-3.00
Copper (US prod.)	122.0c	
Lead (US prod.)	39.25c	
Tin (Kuala Lumpur)	13.53c	-0.12
Tin (New York)	247.0c	
Cattle (live weight)†	116.60p	+0.78*
Sheep (live weight)†♠	90.22p	+1.52*
Pigs (live weight)	75.69p	+0.03*
Lon. day sugar (raw)	$308.7	
Lon. day sugar (wte)	$337.0	+9.0
Tate & Lyle export	£307.0	-1.0
Barley (Eng. feed)	Unq.	
Maize (US No3 Yellow)	$136.0	
Wheat (US Dark North)	Unq.	
Rubber (Nov)♥	95.25p	
Rubber (Dec)♥	94.75p	
Rubber (KL RSS No1 Jul)	356.0m	+1.5
Coconut Oil (Phil)§	$595.0u	-17.5
Palm Oil (Malay.)§	$587.5t	+2.5
Copra (Phil)§	$392.0u	-1.0
Soyabeans (US)	£155.0v	+1
Cotton Outlook'A' index	73.60c	
Wooltops (64s Super)	434p	

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. y July/Sep. z Aug. v Nov/Dec. u Oct/Nov. t Nov. ♥ London Physical. § CIF Rotterdam. ♣ Bullion market close. ♠ Sheep (Live weight prices). * Change on week ⊕ Prices are for previous day.

CROSSWORD

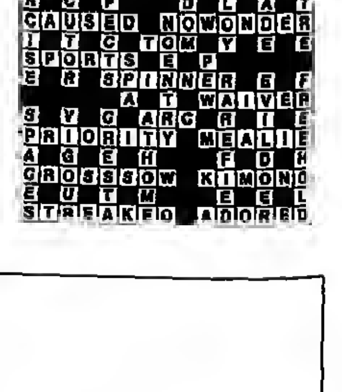
No.8,582 Set by CINCINNUS



ACROSS
1 Gold recovery, so we hear (7)
5 Saw lead inscribed with dog's name (7)
9 Put off 19 (5)
10 Intruders, disturbed or otherwise (9)
11 I'd grass on misleading informers, by the way (4-5)
12 Surpass an alfresco celebration (5)
13 Shakespearean spirit I detected in parts of Lear (5)
15 Urban residents know lofts get converted (9)
18 Victor Norman William? (9)
19 Return to surrender (5)
21 Some peopla wear madals when carrying weapons (5)
23 Coats need woven yarns (9)
25 Abla to contend, not being disheartened (9)
26 Packer the pugilist (5)
27 Reassigns roles, introducing new actress (7)
28 Again put into circulation obsolete foreign coins and take legal action (7)

DOWN
1 State whose neighbours are French and Spanish and odd Scots (7)
2 Francs taken into account, giving a boost to the economy (9)
3 House and ground (5)
4 Child acquiring foreign tongues within a year (9)
5 Poles finding employment (5)
6 On my soul, I find it altered inauspiciously (9)
7 Be sorry for headless bird (5)
8 Doctor, getting duck to go in brook, shows what is fundamental (7)
14 Washer of Los Angeles strip (9)
16 Bird climbing exotic trees in city (9)
17 Requires too much of public cuts (9)
18 Tea to cure ailing poet (7)
20 The Department of Education and Science ever out to reveal merit (7)
22 I'm going up twice, about to take off (5)
23 Lincoln, second time around, helps criminal (5)
24 Emirate princess, entertaining university graduate (5)

Solution 8,581



JOTTER PAD

LONDON STOCK EXCHANGE

MARKET REPORT

US influences drive shares ahead at the close

By Terry Byland, UK Stock Market Editor

Excellent trading results from some of the big names in US industry gave a final boost yesterday to a London stock market already looking confident in early trading. The FT-SE 100 Share Index closed 40.7 up at 3,073, spurred on by the December futures contract on the Index which closed comfortably above 3,100.

Institutional buyers came into the equity market towards the close as Wall Street's opening strength put 40 points on the Dow in UK hours and activated limit restriction on index-linked trades. The indications of a resurgent US economy drew further encouragement from firmness in Federal bonds, implying that inflation worries had not been reawakened ahead of Friday's important statistics on US industrial production.

London was a little less sure of itself than the gain in the Footsie suggested. Until Wall Street opened, the gain on the Index was only around 25 points and trading volumes moderate. In the final hour of trading blue chip stocks swept ahead behind a strong US dollar.

Concerns over inflationary pressures in the UK will be tested this morning when the announcement of the September retail price index will be followed by data on average earnings and unit wage costs. Analysts have been impressed by the rally in UK bonds but remain uncertain over likely trends in German and US bond markets.

Second line issues were somewhat left behind in the late rise in the stock market. The FT-SE Mid 250 Index was content with a gain on the day of 24.1 for a closing reading of 3,506.9. Non-Footsie business made up nearly 58 per cent of yesterday's total, at the lower end of average daily trading patterns. Private investors, traditionally active in the second line issues, have been unwilling to trade in equities in recent months.

The return of Wall Street to fully active trading after the Columbus Day break, which closed the Federal bond markets, was reflected in a similar return to normal business levels in London. The Seaq total of 682.3m shares in London yesterday was around 36 per cent up on the previous session, although retail business remained satisfactory at £1.42bn in Monday's session.

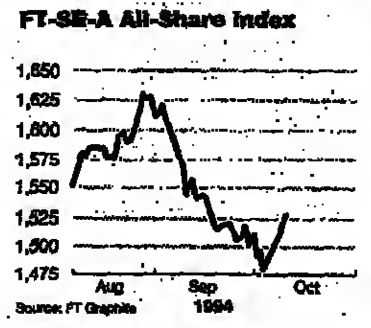
Oil shares, although still firm, continued to respond calmly to events in the Middle East. The strongest gains came in those UK companies where profits are most closely linked to the fortunes of the US currency. Glaxo, HSBC and Unilever were all firm spots. An exception was Cadbury-Schweppes, upset by news that Virgin, Mr Richard Branson's airline and retail group, plans to launch a cola drink, in association with a North American group; Cadbury, jointly with Coca-Cola, produces Coke in the UK market. A generally favourable reading of the IG Metall union's decision on the impending pay round benefited UK construction stocks with exposure in Germany.

Consumer stocks showed little nervousness ahead of tomorrow's retail price statistics, and leading store groups such as Marks & Spencer and Sears made progress. These sectors have suffered severely in the recent shakeout and were seen as in line for a rally. However, trading volumes in these shares was modest yesterday, as institutions preferred the international blue chips.

The advance on Wall Street was welcomed by those UK analysts who have pointed to the narrowing of the gap between the New York and London markets and identified it as a factor favourable to UK equities.

But some pointed to the unwillingness of UK government bond prices to share in the general advance yesterday, noting that recovery in UK bonds is still seen as the necessary driving force behind the keenly-awaited upturn in share prices before the end of this year.

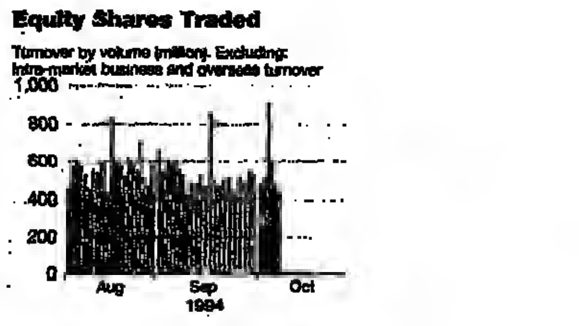
FT-SE-A All-Share Index



Source: FT Graphite

Equity Shares Traded

Turnover by volume (million). Excluding: Intra-market business and overseas turnover



■ **Key indicators**

Indices and ratios

FT-SE 100	3073.0	+40.7	FT Ordinary Index	2357.8	+18.6
FT-SE Mid 250	3506.9	+24.1	FT-SE-A Non Fins p/e	18.76	(18.62)
FT-SE-A 350	1540.7	+18.2	FT-SE 100 Fut Dec	3102.0	+45.0
FT-SE-A All-Share	1526.73	+17.24	10 yr Gilt yield	8.79	(8.80)
FT-SE-A All-Share yield	3.94	(3.99)	Long gilt/equity yld ratio:	2.24	(2.21)

Best performing sectors		Worst performing sectors	
1 Building & Construct	+4.1	1 Oil Exploration & Prod	-0.2
2 Telecommunications	+3.2	2 Property	-0.1
3 Isurance	+3.2	3 engineering, Vehicles	+0.1
4 Merchant Banks	+3.0	4 Diversified Industrial	+0.1
5 Life Assurance	+2.9	5 Electricity	+0.2

Insurers on bid alert

Composites surged ahead on a mixture of takeover rumours mainly prompted by talk that Allianz, the German insurance group may sell its Cornhill subsidiary and launch a bid for another UK insurance group. Commercial Union settled 15 ahead at 545p, General Accident 21 to 584p, Guardian 10½ to 195½p and Sun Alliance 7¼ to 331½p. Royals added 5 at 294p.

Legal & General, viewed as a prime bid target in life/general insurers, ran up 11 to 456p. Prudential moved up 9 to 308p. Of the smaller stocks United Friendly added 2 at 505p, Britannic 10 to 406p and Refuge 8 to 279p.

Aggressive buying of the traded options was said to have been the catalyst for a 21 surge in Lloyds Abbey Life to 348p.

C & W hints

Persistent talk around the markets that some sort of a deal is in the making at Cable & Wireless, possibly involving a demerger of the group's Mercury telecommunications business, was the catalyst for another surge in the shares.

C & W were the heaviest traded and best performing stock in the FT-SE 100 index, the stock racing up 20 to 415p. Turnover reached 16m shares, the highest since January. C & W shares touched 538p at the start of the year, and where trading around 478p in August before plunging to 382p a week ago, plagued by worries about competition from the likes of BT's Cellnet and Hutchison's Orange cellular phone networks.

Many analysts said stories of a possible demerger of the Mercury telecommunications business had been revived and were still wide of the mark by leading analysts but C & W had expressed deep disappointment with the market's treatment of its share price.

Dealers noted exceptionally heavy turnover in the shares recently and pointed to unusually heavy activity in out-of-the-money calls – indicating high speculative support. They also mentioned keen support from some big institutions, regarded by traders as having top quality contacts in the telecoms industry. A number of brokers have been promoting C & W in recent weeks, notably Hoare Govett who yesterday maintained the shares were still undervalued.

Hanson weak

Conglomerate Hanson stood out as a weak feature among leading internationally traded stocks which were boosted by a surge in the dollar.

Interest in the shares was said to have been dampened by particularly heavy selling in New York late on Monday. Dealers said Goldman Sachs the US investment bank sold two blocks of 750,000 American Depositary Receipts (ADRs) at $18 and $18⅛, equivalent to 7.5m shares at around 228p a share, on behalf of a client. The London traded shares eased slightly to 228¼p yesterday with 8.5m traded by the close.

Elsewhere, Zeneca remained restrained by the reported attempt of one UK investment bank to place 2m shares and closed 2 lighter at 750p. However, pharmaceuticals rival Glaxo jumped 13 to 585½p as the group announced that 14.68 per cent of its shares were held in the form of ADRs. The figure was down from the previously recorded 15.88 per cent but much as expected. Tobacco and insurance conglomerate BAT Industries jumped a further 9 to 450p, its shares helped by takeover speculation in the insurance sector.

Brokers move

Insurance sectors moved into overdrive late in the session as dealers reacted to continuing takeover speculation plus a more positive view of the insurance brokers from BZW, a leading light in the sector.

The broking stocks made rapid progress with some dealers still convinced a predatory move against Willis Corroon could be in the offing. "If a serious bid was made for Willis the management would be virtually defenceless," said one insurance specialist.

Big blocks of Willis shares have changed hands in recent weeks with PDFM, one of the UK market's biggest institutions increasing its stake to over 11 per cent and another big buyer said to have been operating. HSBC is seen as a strong contender for Willis.

Willis shares rose a further 6 to 161p yesterday, after turnover of 1.7m shares. Sedgwick, the UK's biggest insurance broker, jumped 8 to 156p on 1m traded. Much of yesterday's interest was triggered by a positive note from BZW whose insurance team shifted its long-term stance on the sector from underweight to neutral with Sedgwick shifted to a "buy" and Willis from "sell" to "hold".

BZW said it had visited the US operations of Sedgwick, Willis Corroon, and JIB as well as the big US groups. The broker said it viewed the underperformance of the sector as "too severe" and said many stocks now appear to be suffering punishment ratings. BZW said Sedgwick has a "sensible" group strategy and is likely to be a winner in an industry which is likely to be restructured in coming years.

Airports group BAA rose 8 to 504p in 5.1m trades for a two-day gain of 30p as a stream of favourable air transport news added potential spice to tomorrow's September traffic figures from the company.

Strong passenger flows from British Midland Airways, air fare cuts on a number of Far Eastern and trans-Atlantic routes and plans by British Airways to restart "open skies" policy talks this month with US airlines all helped to concentrate market focus on BAA's volume background.

British Airways put on 6½ to 371½p.

Whitbread rose 13 to 539p, in good trade of 1.2m.

Cider maker HP Bulmer was a particularly strong feature in the drinks sector. The shares jumped sharply early in the session after details of the previous three months trading were reported in the market, taking analysts by surprise.

Calls by some City firms for further information were followed by release of an official trading statement from the company in the last hour of market trading. The shares closed 8 ahead at 433p.

The day's single biggest trade was carried out in retailing group House of Fraser bringing turnover to 25.9m by the close. The shares eased a penny to 207p.

The trade, representing around 5.5 per cent of the company's equity, was carried out by NatWest Securities below the market price.

Amersham International jumped 17 to 943p as the company announced it had acquired 20 per cent stake of Nihon MediPhysics, Japan's leading nuclear medicine group.

MARKET REPORTERS:
Steve Thompson,
Peter John, Joel Kibazo,
Jeffrey Brown.

■ Other statistics, Page 23

NEW HIGHS AND LOWS FOR 1994

NEW HIGHS (19).
DIVERSIFIED INDLS (1) Whitecroft, ELECTRNC & ELECT EQUIP (1) LPA Inds., ENGINEERING (1) 600 Group, EXTRACTIVE INDS (2) Doornfontein, Elandsrand, INVESTMENT TRUSTS (4) LEISURE & HOTELS (1) Northern Deb. 96/01, RETAILERS, GENERAL (2) First Earth, Oliver, SUPPORT SERVS (1) Manpower, TRANSPORT (1) Go-Ahead, SOUTH AFRICANS (1) SASOL.
NEW LOWS (64).
BREWERIES (1) Ascot, DISTRIBUTORS (5) Lookers 8pc Prf., Quicks, Rose, Vardy (R), Walpec, DIVERSIFIED INDLS (4) Kvaerner B, Pacific Dunlop, Suter, Do Wrts., ELECTRNC & ELECT EQUIP (3) Control Tech., Process Systems, VideoLogic, ENGINEERING (6) GEE Ind., Hall, McKechnie, Meggitt, Senior, Victaulic, BWD, VEHICLES (1) Motor World, EXTRACTIVE INDS (4) Bracken, Emperor, Sips, Welhalla, HEALTH CARE (2) Inserve, Tepnel Life Sciences, INSURANCE (1) Lowndes Lambert, INVESTMENT TRUSTS (4) INVESTMENT COMPANIES (3) Hungarian, Portugal Prf., Robeco Sub., LEISURE & HOTELS (1) Alpha Airports, MERCHANT BANKS (1) Singer & Friedlander, OTHER FINANCIAL (2) BZW Endowment, Christie, OTHER SERVS & BUSNS (1) Lardis, PRTNG, PAPER & PACKG (4) Bemrose, Brit. Thornton, Ferguson Intl, Seff, PROPERTY (5) Chesterfield 5½pc Prf., Herring Baker Harris, Prior, Property Trust, Savills, Stanhope, RETAILERS, FOOD (1) Merchant Retail, RETAILERS, GENERAL (7) Asprey, Beattie (J) A, Cantors, Country Casuals, Fine Art Devs., Lloyds Chemists 7¾p Prf., Pentos, SUPPORT SERVS (3) ACT, MR Data Management, Microgen, TEXTILES & APPAREL (2) Beckman (A), Parkland, TRANSPORT (1) P & O Dfd., AMERICANS (1) Ingersoll-Rand.

EQUITY FUTURES AND OPTIONS TRADING

//Stock index futures powered ahead with premiums to the cash market widening at times to more than 30 points, *writes Jeffrey Brown*.

The FT-SE 100 December contract closed 45 points higher at 3,102, moving above 3,100 for the first time since mid September and extending its rally to 128 points in four days. At this level, the premium to the cash market was 29 points against a fair value premium of around 16 points.

Virtually all the day's gains were made from lunchtime onwards, moving ahead very fast once Wall Street came into the picture showing a strong advance.

Volume, which was a dreary 10,657 on Monday, jumped to 14,793 contracts at the official 4:10pm close, but traders said there was a marked absence of genuine business.

The speed and acceleration of the afternoon upswing caught some traders on the hop and there was talk in the market that a number of short positions taken in the morning session had been severely squeezed.

Volume in traded options rose strongly, jumping to 43,931 lots from 24,420 on Monday. FT-SE and Euro FT-SE volume accounted for 27,600 lots.

Guinness was the day's most actively traded individual stock option with 2,000 lots dealt followed by British Airways with 1,792 lots.

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	3053.0	3102.0	+45.0	3112.0	3038.0	18456	55208
Mar	3084.0	3126.0	+44.6	3099.0	3084.0	744	2176

■ FT-SE MID 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	3505.0	3545.0	+45.0	3545.0	3505.0	70	4258

■ FT-SE MID 250 INDEX FUTURES (OMLX) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	-	3535.0	-	-	-	-	0

All open interest figures are for previous day. † Exact volume shown.

■ FT-SE 100 INDEX OPTION (LIFFE) (*3073) £10 per full index point

	2900 C	2900 P	2950 C	2950 P	3000 C	3000 P	3050 C	3050 P	3100 C	3100 P	3150 C	3150 P	3200 C	3200 P	3250 C	3250 P
Oct	193	2½	145	5½	100	10	60	21	30½	40	14	78	5	127	2	177
Nov	214½	16	172½	23½	134	35½	99	51½	70	74	48	104	31½	139	19	180
Dec	231	30	192	42½	157	58½	126½	75½	98½	97½	73	125½	52	155½	37½	192
Jan	252	42	215½	55½	178½	69½	150	89½	120½	110½	97½	138	76½	169	58	202½
Jun†	313½	77½			249½	112½			188	152			144½	207½		

Calls 6,049 Puts 7,940

■ EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

	2925 C	2925 P	2975 C	2975 P	3025 C	3025 P	3075 C	3075 P	3125 C	3125 P	3175 C	3175 P	3225 C	3225 P	3275 C	3275 P
Oct	169	4½	122½	8	78½	13½	43	28	21	58	7½	92½	3½	137½	1½	185½
Nov	191½	18½	152	28½	118½	43	85½	61½	60	86	38	114½	25½	150½	13½	189½
Dec	208½	33½	171½	46	139	63	108½	81½	82½	105½	60	132	40½	162	27	186
Mar	259½	54			194	95½			139½	137½			99½	189½		
Jun†	288½	85			208½	117½			179	156			131½	204½		

Calls 1,271 Puts 11,662 * Underlying index value. Premiums shown are based on settlement prices.
† Long dated expiry months.

■ EURO STYLE FT-SE MID 250 INDEX OPTION (OMLX) £10 per full index point

	3400	3450	3500	3550	3600	3650	3700	3750
Oct			136 80¾	118 104	87¼ 130¾			

Calls 0 Puts 0 Settlement prices and volumes are taken at 4.30pm.

TRADING VOLUME

■ Major Stocks Yesterday

	Vol. 000s	Closing price	Day's change
3i†	141	322	+5
ASDA Group†	8,600	61½	
Abbey National†	10,000	409	+9
Albert Fisher	88	44	
Allied Domecq†	759	577	+8
Anglian Water	1,400	541	+7
Argos	77	317	
Argyll Group†	1,700	263	-1
Arjo Wiggins†	2,100	262	
Assoc. Brit. Foods†	150	505	
Assoc. Brit. Ports	548	271	
BAA†	3,900	504	+8
BAT Inds.†	8,700	450	+9
BET	1,700	106½	+½
BICC	550	363	-4
BOC†	1,500	690	+8
BP†	12,000	420½	+2
BPB Inds.	1,800	312	+3
BT†	11,000	395½	+6½
BTR†	3,300	374½	+½
Bank of Scotland†	392	205	+6
Barclays†	4,700	562	+9
Bass†	3,600	530	+3
Blue Circle†	4,400	276	+3
Booker	305	420	+6
Boots†	1,700	512	+6½
Bowater†	1,200	487	+1
Brit. Aerospace†	557	489	+3
British Airways†	5,900	371½	+6½
British Gas†	11,000	302	+2½
British Land	720	404	+3
British Steel†	13,000	158	
Bunzl	2,100	188	+2
Burmah Castrol†	244	839	+2
Burton	1,800	64	
Cable & Wire†	16,000	415	+20
Cadbury Schweppes†	6,500	444	-3
Caradon†	1,700	278	-3
Carlton Comms.†	808	835	+7
Coats Viyella	2,100	214	+2
Comm. Union†	1,800	545	+15
Cookson	3,100	240	+2
Courtaulds†	848	432	-2
Dalgety	743	437	+5
De La Rue†	470	958	+20
Dixons	443	188	+1
Eastern Elect.†	1,700	744	-16
East Midland Elect.	433	717	-10
Electrocomps	348	474	+12
Eng China Clays	694	368	+1
Enterprise Oil†	2,200	386	+2
Eurotunnel Units	461	253	-2
FKI	378	169½	+1
Fisons	920	110	
Foreign & Col. I.T.	1,000	136	+1
Forte†	2,400	234	
Gen. Accident†	929	584	+21

FT - SE Actuaries Share Indices — The UK Series

	Oct 11	Day's chge%	Oct 10	Oct 7	Oct 6	Year ago	Div. yield%	Earn. yield%	P/E ratio	Xd adj. ytd	Total Return
FT-SE 100	3073.0	+1.3	3032.3	2998.7	2984.4	3094.7	4.12	7.07	16.70	107.39	1164.73
FT-SE Mid 250	3506.9	+0.7	3482.8	3447.5	3445.5	3474.9	3.66	5.80	20.79	104.80	1307.91
FT-SE Mid 250 ex Inv Trusts	3501.7	+0.7	3478.0	3441.4	3440.1	3482.1	3.72	6.28	19.35	108.91	1303.20
FT-SE-A 350	1540.7	+1.2	1522.5	1505.9	1500.2	1546.0	3.99	6.78	17.48	52.08	1194.14
FT-SE SmallCap	1781.83	+0.5	1773.29	1771.94	1775.01	1784.44	3.32	4.95	25.35	47.28	1384.75
FT-SE SmallCap ex Inv Trusts	1750.92	+0.4	1743.66	1743.66	1748.74	1778.14	3.53	5.50	23.11	48.95	1364.95
FT-SE-A ALL-SHARE	1526.78	+1.1	1508.49	1494.16	1489.09	1531.85	3.94	6.65	17.36	50.88	1203.62

■ FT-SE Actuaries All-Share

	Oct 11	Day's chge%	Oct 10	Oct 7	Oct 6	Year ago	Div. yield%	Earn. yield%	P/E ratio	Xd adj. ytd	Total Return
10 MINERAL EXTRACTION(16)	2734.89	+0.6	2713.11	2685.61	2652.96	2356.90	3.36	5.00	25.26	81.46	1100.73
12 Extractive Industries(4)	4008.27	+0.8	3975.76	3931.38	3917.05	3149.80	3.20	5.12	24.16	96.62	1108.05
15 Oil, Integrated(3)	2683.29	+0.9	2659.58	2633.86	2594.07	2317.90	3.51	5.60	22.22	85.60	1103.64
16 Oil Exploration & Prod(11)	1912.18	-0.1	1915.02	1890.84	1888.58	1909.80	2.17	‡	‡	38.03	1105.38
20 GEN MANUFACTURERS(267)	1873.38	+0.7	1860.34	1842.70	1845.06	1914.40	4.06	5.10	23.78	65.34	857.03
21 Building & Construction(33)	1076.11	+4.1	1033.78	1018.55	1018.43	1149.60	3.69	5.18	25.60	34.20	848.48
22 Building Matls & Merchs(32)	1811.76	+1.1	1791.87	1783.72	1787.21	1847.70	4.07	5.21	23.34	66.53	857.97
23 Chemicals(23)	2329.07	+0.5	2317.95	2305.24	2285.26	2216.70	3.98	4.43	28.22	79.58	1033.55
24 Diversified Industrials(16)	1782.95	+0.1	1780.64	1762.39	1764.11	1874.30	6.14	5.21	23.08	82.75	916.97
25 Electronic & Elect Equip(34)	1902.83	+0.7	1889.12	1878.14	1878.92	2161.90	3.96	6.62	17.97	60.85	932.27
26 Engineering(71)	1798.34	+0.7	1786.54	1772.48	1776.37	1692.60	3.18	4.98	23.82	47.30	1028.79
27 Engineering, Vehicles(12)	2231.03	+0.1	2229.09	2186.07	2205.37	1888.10	4.49	1.48	80.00†	74.27	1082.46
28 Printing, Paper & Pckg(26)	2796.81	+0.6	2778.42	2763.16	2754.64	2489.90	3.07	5.36	21.82	73.24	1101.24
29 Textiles & Apparel(20)	1618.83	+0.7	1607.64	1595.24	1595.78	1927.50	4.18	6.65	18.43	46.49	915.18
30 CONSUMER GOODS(97)	2716.59	+1.2	2683.26	2669.18	2670.07	2748.80	4.38	7.39	15.63	106.20	938.65
31 Breweries(17)	2180.13	+1.2	2154.17	2151.38	2156.36	2047.00	4.34	7.88	15.39	81.10	976.64
32 Spirits, Wines & Ciders(10)	2798.94	+1.4	2759.48	2754.84	2752.53	2607.50	3.96	6.94	16.68	101.23	942.09
33 Food Manufacturers(23)	2271.81	+0.5	2260.72	2240.75	2251.11	2310.80	4.27	7.73	15.04	81.56	957.09
34 Household Goods(13)	2324.73	+1.4	2291.82	2285.81	2292.31	2668.80	3.91	7.76	15.36	57.31	830.45

■ Hourly movements

■ FT-SE Actuaries 350 Industry baskets

LONDON EQUITIES

LIFFE EQUITY OPTIONS

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	53	3	15
Other Fixed Interest	1	0	13
Mineral Extraction	59	56	82
General Manufacturers	215	85	338
Consumer Goods	60	22	105
Services	112	72	311
Utilities	25	11	8
Financials	149	39	177
Investment Trusts	206	18	240
Others	62	16	29
Totals	942	322	1319

Data based on those companies listed on the London Share Service.

TRADITIONAL OPTIONS

First Dealings	October 10	Expiry	January 12
Last Dealings	October 21	Settlement	January 26

Calls: Aminex, Bluebird Toys, Cable & Wireless, Ovoca Res, Porter Chadburn, Seafield, Tullow Oil. Puts: Asprey. Puts & Calls: HSBC.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1994 High	1994 Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
§125	F.P.	17.2	130	113	Compel	113		WN4.0	2.1	4.4	10.9
-	F.P.	1.30	1½	1	Cont'l Foods Wrts	1¼		-	-	-	-

RIGHTS OFFERS

FINANCIAL TIMES EQUITY INDICES

FT GOLD MINES INDEX

LONDON SHARE SERVICE

BANKS

	Notes	Price	+ or –	1994 high	low	Mkt Cap£m	Yld Gr's	P/E
ABN Amro Fl	□	£20¾	+⅛	£25½	£19¾	6,198	5.4	ϕ
ANZ A$		178	—	278¼	178	2,369	5.2	27.3
Abbey National	†N□	409xd	+9	523	380½	5,385	4.8	13.7
Allied Irish I£	♣†N□	246xd	+1	314	233	1,635	5.1	9.5
Anglo Irish I£	M N□	55	—	*70	50	189.3	7.8	10.0
Asahi Y	□	719½	+10	819¼	628	16,674	0.9	ϕ
Banco Bil Viz Pta	□	£15½	+⅛	£18⅞	£14⅛	3,578	6.3	7.0
Banco Sant Pta		£28⅛	—	*£30½	£23¼	4,280	5.1	9.8
Bk Ireland I£	♣□	278	+16	*319	245	1,313	4.7	8.8
Bank Scotland	♣†N□	205	+6	247	172½	2,392	3.3	16.6
9¼pc Pf		111¾	—	141½	111	111.8	10.3	–
9¾pc Pf		117¼	+¼	149½	116	117.2	10.4	–
Barclays	♣†N□	582xd	+9	640	487	9,149	3.7	18.8
Dai Ichi Kan Y	□	£11¼	–⅛	£12[illegible]	£10[illegible]	35,104	0.5	–
Deutsche DM	□	£292⅞	+3[illegible]	£344¾	£270[illegible]	13,822	2.3	–
Espirito Santo	□	£8[illegible]	+[illegible]	*£13⅞	£8[illegible]	195.9	4.4	4.4
First Nat Fin	N□	70	+½	*90	60	118.2	2.7	–
6.3pc Cv Pf		73	—	*90	73	4.91	10.6	–
7pc Cv Pf		161½	—	171	123	62.4	6.7	–
Fuji Bank Y	□	1303½	+5⅝	1648¼	1152½	49,076	0.4	ϕ
HSBC HK	†N□	729xd	+14	1133	690	12,767	4.2	10.6
HSBC (75p Shs)	†N□	710xd	+14	1113	680	6,042	4.3	10.3
Lloyds	†N□	558xd	+13	660	518	7,229	5.1	11.6
Mitsubishi Y	□	£16	+⅛	£18[illegible]	£15[illegible]	46,100	0.3	ϕ
Mits Tst & Bk Y	□	932¼	+11¾	1162¼	687½	11,117	0.5	14.9
Mitsui Tst & Bk Y	□	731	+16¼	879	514	8,760	0.7	24.6
Nat Aust A$	†	481	+2	620¼	477	6,436	5.7	10.3
NatWest	†N□	502½	+6½	622	421	8,376	4.8	9.3
Ottomane FFr		£22	—	£33	£21¼	110.9	6.8	ϕ
Ryl Bk Scotland	♣†N□	407	+7	528	377½	3,280	3.7	18.4
Sakura Y	□	£9⅝	+⅛	£9[illegible]	£6[illegible]	28,951	0.7	66.6
Sanwa Y	□	£12[illegible]	+⅛	£15⅛	£11⅞	38,928	0.4	–
Standard Chartd	†N□	289xd	+2	*358¼	223	2,580	3.5	9.2
7 3/8pc Pf		83¾	+½	108½	82¼	83.8	11.0	–
Sumitomo Y	□	£11[illegible]	+⅛	£16⅝	£11½	37,216	0.5	25.4
Sumitomo Tst Y	□	907½	+23¾	1148½	625	11,269	0.8	ϕ
TSB	†N□	220	+5½	287	197	3,369	4.6	11.1
Tokai Y	□	87⅛	+⅛	99	£6[illegible]	15,745	0.7	48.8
Toyo Tst & Bk Y	□	709	+3¼	852	566¼	5,546	0.7	62.6
Westpac A$		215	—	260	194	3,913	2.5	ϕ
Yasuda Tst Bk Y	†□	530¼	–12¾	656	442	5,944	0.9	48.0

BREWERIES

BUILDING & CONSTRUCTION

BUILDING MATS. & MERCHANTS

CHEMICALS

DISTRIBUTORS

DIVERSIFIED INDUSTRIALS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT

ELECTRONIC & ELECTRICAL EQPT - Cont.

ENGINEERING

ENGINEERING, VEHICLES

EXTRACTIVE INDUSTRIES

FOOD MANUFACTURERS

GAS DISTRIBUTION

HEALTH CARE

HEALTH CARE - Cont.

HOUSEHOLD GOODS

INSURANCE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

	Notes	Price	+ or -	1994 High	low	Yld Gr's	NAV	Dis or Pm(-)
Perpetual Japan	□	108½	+½	120	89	–	101.0	-4.4
Warrants	□	51	–	69	47	–	–	–
Persimmon Assets		[illegible]	+1	[illegible]	[illegible]	–	–	–
Pilot Inv	N□	127	–	153	125½	2.9	117.7	0.2
Warrants	□	44	+2	80	40½	1.9	124.3	-2.1
Piper Euro Smlr	□	94	+1	99	81	–	–	–
Warrants	□	41	+1	41	33	–	91.3	-2.9
Primadona	N	276xd	–	293	261	–	–	–
Promotion Inv	N□	222	–	278	205	2.0	330.0	3.6
Warrants		81	+1	140	78	1.9	239.8	7.4
RIT Capital	N□	176	–	189	164½	–	–	–
2½pc Cv Ln 2006		£174½	+1	£186½	£170½	1.1	218.5	18.7
Radiotrust		70	–	88	69	1.4	–	–

OTHER INVESTMENT TRUSTS

INVESTMENT COMPANIES

LEISURE & HOTELS

LEISURE & HOTELS - Cont.

LIFE ASSURANCE

MEDIA

MERCHANT BANKS

OIL EXPLORATION & PRODUCTION

OIL EXPLORATION & PRODUCTION - Cont.

OIL, INTEGRATED

OTHER FINANCIAL

OTHER SERVICES & BUSINESSES

PHARMACEUTICALS

PRINTING, PAPER & PACKAGING

PROPERTY

PROPERTY - Cont.

RETAILERS, FOOD

RETAILERS, GENERAL

RETAILERS, GENERAL - Cont.

SPIRITS, WINES & CIDERS

SUPPORT SERVICES

TELECOMMUNICATIONS

TEXTILES & APPAREL

TOBACCO

TRANSPORT

TRANSPORT - Cont.

WATER

AMERICANS

CANADIANS

SOUTH AFRICANS

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OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

[illegible]

GUERNSEY (SIB RECOGNISED)

[illegible]

GUERNSEY (REGULATED)(**)

[illegible]

IRELAND (SIB RECOGNISED)

[illegible]

IRELAND (REGULATED)(**)

[illegible]

ISLE OF MAN (SIB RECOGNISED)

[illegible]

ISLE OF MAN (REGULATED)(**)

[illegible]

JERSEY (SIB RECOGNISED)

[illegible]

JERSEY (REGULATED)(**)

[illegible]

LUXEMBOURG (SIB RECOGNISED)

[illegible]

LUXEMBOURG (REGULATED)(**)

[illegible]

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OTHER OFFSHORE FUNDS

OFFSHORE INSURANCES

CURRENCIES AND MONEY

MARKETS REPORT

Troubled rouble sinks to new low in Moscow

A dramatic decline in the Russian rouble was the highlight of a quiet day on the foreign exchange markets, *writes Philip Coggan.*

The rouble followed Monday's 6 per cent fall with a startling 21.5 per cent plunge, which took the unit from Rs3,081 to Rs3,926 to the dollar.

The Russian central bank responded with its first intervention since September 22, selling $80m for roubles. Central bank chairman Viktor Gerashchenko said the three month refinancing rate was being increased from 130 per cent to 170 per cent with effect from today.

The rouble's fall was a talking point in London, rather than a dealing issue, since the Russian currency is not traded on international foreign exchanges.

The US dollar moved in a fairly narrow range, helped by a strong performance from bonds and equities but weakened by indications of Iraqi troop withdrawals. The dollar closed in London at Y100.325, down slightly from Y100.63 on Monday.

Against the D-Mark, the dollar also eased to DM1.5466, from Monday's DM1.5500. The D-Mark gained some strength from expectations that Chancellor Helmut Kohl would triumph in Sunday's election. Mr Nick Parsons, treasury economist at CIBC in London, said the dollar had now traded in the DM1.54-DM1.55 band for 25 consecutive days.

■ The sudden decline in the rouble took many people by surprise, with interbank dealers in Moscow stopping trading. One Russian bank was quoting the rouble at 5,000 to the dollar to discourage sellers.

■ Pound in New York

Oct 11	Latest	Prev. close
£ spot	1.5780	1.5860
1 mth	1.5776	1.5857
3 mth	1.5770	1.5851
1 yr	1.5654	1.5740

"Exactly what triggered the fall is unclear" said Mr Jonathan Hoffman, international economist at CS First Boston. But Mr Hoffman said the rouble appreciated sharply in real terms during 1993. "Our judgment on policy is that the Russian authorities wanted to reverse some – but not all – of this in order to help exporting industries."

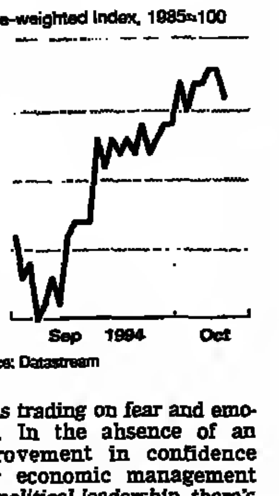
Since September 22, in Mr Hoffman's view, the authorities have followed a policy of benign neglect of the exchange rate. Previous announcements that they would not raise rates to support the rouble may have weakened the currency but yesterday's U-turn would help the currency, he thought.

Mr Hoffman does not think the rouble will go into a further tailspin and believes it can stabilise at around Rs5,000/$ by the end of the year.

However, Mr Paul Chertkow, head of global currency research at UBS, said "In this sort of circumstance, the market is trading on fear and emotion. In the absence of an improvement in confidence over economic management and political leadership, there's no level beyond which the rouble can't depreciate."

Sterling

Trade-weighted index, 1985=100



Source: Datastream

In the crisis atmosphere, a spokeswoman for the central bank was reported as saying that the peak of speculation against the rouble was past and speculators risked heavy losses if they made further attacks. "The situation is under control and we have enough reserves to control it" she said.

■ Sterling was generally weaker ahead of today's batch of important economic data. The pound fell against the dollar to close in London at $1.5815 from Monday's close of $1.5852, while against the D-Mark, it weakened to DM2.4459 from DM2.4569.

Today will see inflation and average earnings numbers, which will be scrutinised closely for signs that the government will need to increase interest rates again. Consensus forecasts suggest the figures will show that inflationary pressures will remain subdued.

However, Mr Parsons of CIBC, warns that history suggests the pound's short term outlook is not good. "For the last eight years, sterling has fallen in the week of the Conservative party conference on all but one occasion" he says.

Mr Tony Norfield, UK Treasury economist at ABN-AMRO Bank, argues that the longer term outlook for sterling is encouraging. He believes the big falls in UK financial markets this year have built in a risk premium to sterling assets, which should provide some underlying support for the pound.

In the money markets, the Bank of England gave assistance in two batches of £126m and £485m, in response to a £650m shortage, revised from an earlier forecast of £700m. Overnight rates moved within the range of 6¼ to 4¾ per cent.

■ OTHER CURRENCIES

Oct 11	£	$
Hungary	170.859 - 170.882	107.930 - 108.030
Iran	2782.00 - 2785.00	1748.00 - 1750.00
Kuwait	0.4701 - 0.4715	0.2973 - 0.2981
Poland	36836.4 - 36713.6	23170.0 - 23210.0
Russia	6167.85 - 6326.00	3900.00 - 4000.00
U.A.E.	5.8015 - 5.8132	3.6715 - 3.6735

POUND SPOT FORWARD AGAINST THE POUND

Oct 11		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	Day's Mid low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	Bank of Eng. Index
Europe													
Austria	(Sch)	17.2202	-0.0714	129 - 274	17.2861	17.2113	17.2158	0.3	17.204	0.4	-	-	115.1
Belgium	(BFr)	50.3708	-0.1638	533 - 882	50.4570	50.3240	50.3908	-0.5	50.3058	0.5	48.9758	0.8	118.7
Denmark	(DKr)	9.5831	-0.0267	789 - 873	9.5956	9.5728	9.5788	0.5	9.5952	-0.5	9.6118	-0.3	116.8
Finland	(FM)	7.5477	-0.0087	384 - 570	7.5830	7.5220	-	-	-	-	-	-	87.9
France	(FFr)	8.3643	-0.0294	614 - 672	8.3815	8.3556	8.3635	0.1	8.3603	0.2	8.3036	0.7	110.3
Germany	(DM)	2.4459	-0.011	450 - 467	2.4523	2.4445	2.4451	0.4	2.4416	0.7	2.4128	1.4	126.1
Greece	(Dr)	373.471	-1.613	321 - 621	375.320	373.249	-	-	-	-	-	-	-
Ireland	(I£)	1.0118	-0.0011	113 - 125	1.0135	1.0087	1.0118	0.1	1.012	-0.1	1.0142	-0.2	105.4
Italy	(L)	2492.72	-6.23	197 - 347	2496.12	2488.77	2499.32	-3.2	2511.02	-2.9	2565.97	-2.9	74.6
Luxembourg	(LFr)	50.3708	-0.1638	533 - 882	50.4570	50.3240	50.3908	-0.5	50.3058	0.5	49.9758	0.8	116.7
Netherlands	(Fl)	2.7390	-0.0119	377 - 403	2.7474	2.7373	2.7381	0.4	2.7345	0.7	2.7033	1.3	120.9
Norway	(NKr)	10.6522	-0.0275	478 - 566	10.6758	10.6412	10.6517	0.1	10.6552	-0.1	10.6562	0.0	86.3
Portugal	(Es)	248.846	-1.052	719 - 972	250.208	249.686	251.576	-8.3	254.756	-7.6	-	-	-
Spain	(Pta)	202.835	-0.675	757 - 913	203.220	202.720	203.22	-2.3	203.935	-2.2	206.585	-1.8	88.0
Sweden	(SKr)	11.7177	-0.0016	945 - 259	11.7708	11.6727	11.7367	-1.8	11.7842	-2.3	11.9977	-2.4	75.7
Switzerland	(SFr)	2.0365	-0.0015	353 - 377	2.0385	2.0323	2.0338	1.6	2.0276	1.7	1.9891	2.3	122.8
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	80.1
Ecu	-	1.2814	-0.0038	808 - 820	1.2844	1.2806	1.2811	0.3	1.2808	0.2	1.2779	0.3	-
SDR†	-	0.920641	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.5795	-0.0032	791 - 799	1.5833	1.5789	-	-	-	-	-	-	-
Brazil	(R)	1.3190	-0.0109	171 - 208	1.3209	1.3168	-	-	-	-	-	-	-
Canada	(C$)	2.1237	-0.0103	228 - 245	2.1326	2.1220	2.1231	0.3	2.1218	0.4	2.1161	0.4	88.1
Mexico	(New Peso)	5.4001	-0.0092	951 - 050	5.4092	5.3937	-	-	-	-	-	-	-
USA	($)	1.5815	-0.0037	812 - 818	1.5858	1.5812	1.5812	0.2	1.5806	0.2	1.5691	0.8	62.3
Pacific/Middle East/Africa													
Australia	(A$)	2.1476	+0.0013	457 - 495	2.1558	2.1436	2.1476	0.0	2.1489	-0.2	2.157	-0.8	-
Hong Kong	(HK$)	12.2226	-0.0279	195 - 257	12.2543	12.2171	12.2187	0.4	12.2176	0.2	12.2246	0.0	-
India	(Rs)	49.6097	-0.1145	943 - 250	49.7390	49.5890	-	-	-	-	-	-	-
Japan	(Y)	158.664	-0.85	594 - 734	159.520	158.550	158.224	3.3	157.269	3.5	152.144	4.1	188.2
Malaysia	(M$)	4.0668	+0.003	653 - 684	4.0744	4.0645	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.6126	-0.0056	101 - 154	2.6177	2.6100	2.6167	-1.6	2.6245	-1.8	2.6468	-1.3	-
Philippines	(Peso)	40.4865	-0.0775	625 - 104	40.8210	40.1566	-	-	-	-	-	-	-
Saudi Arabia	(SR)	5.9346	-0.0149	327 - 365	5.9499	5.9326	-	-	-	-	-	-	-
Singapore	(S$)	2.3464	-0.0068	456 - 472	2.3520	2.3453	-	-	-	-	-	-	-
S Africa (Com.)	(R)	5.6448	-0.0229	425 - 470	5.6659	5.6420	-	-	-	-	-	-	-
S Africa (Fin.)	(R)	6.4528	+0.1686	355 - 698	6.6541	6.4342	-	-	-	-	-	-	-
South Korea	(Won)	1287.26	-0.56	623 - 829	1289.91	1285.93	-	-	-	-	-	-	-
Taiwan	(T$)	41.4160	-0.1344	053 - 266	41.5507	41.4035	-	-	-	-	-	-	-
Thailand	(Bt)	39.6190	-0.1001	059 - 320	39.7130	39.6020	-	-	-	-	-	-	-

†SDR rates for Oct 7. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1985 = 100. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Oct 11		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	J.P Morgan Index
Europe													
Austria	(Sch)	10.8885	-0.02	860 - 910	10.8925	10.8665	10.8885	0.0	10.8883	0.0	10.8135	0.7	104.3
Belgium	(BFr)	31.8500	-0.03	450 - 550	31.8680	31.7540	31.85	0.0	31.825	0.3	31.835	0.0	105.8
Denmark	(DKr)	6.0595	-0.0029	580 - 610	6.0630	6.0429	6.0637	-0.8	6.073	-0.9	6.1295	-1.2	105.3
Finland	(FM)	4.7725	+0.0055	675 - 775	4.7885	4.7520	4.7725	0.0	4.775	-0.2	4.789	-0.3	82.7
France	(FFr)	5.2889	-0.0063	880 - 897	5.2913	5.2735	5.2905	-0.4	5.2895	0.0	5.2918	-0.1	108.6
Germany	(D)	1.5466	-0.0034	463 - 468	1.5484	1.5439	1.5464	0.2	1.5448	0.5	1.5376	0.8	106.9
Greece	(Dr)	236.150	-0.41	100 - 200	236.870	235.810	236.45	-1.5	237.025	-1.5	239.525	-1.4	68.9
Ireland	(I£)	1.5629	-0.002	623 - 636	1.5697	1.5623	1.5628	0.1	1.5627	0.1	1.5474	1.0	-
Italy	(L)	1576.18	-0.3	600 - 635	1576.50	1571.90	1580.63	-3.4	1588.68	-3.2	1635.18	-3.7	75.2
Luxembourg	(LFr)	31.8500	-0.03	450 - 550	31.8680	31.7540	31.85	0.0	31.825	0.3	31.835	0.0	105.8
Netherlands	(Fl)	1.7318	-0.0035	314 - 324	1.7340	1.7293	1.7317	0.2	1.7301	0.4	1.7228	0.5	105.7
Norway	(NKr)	6.7355	+0.0018	340 - 370	6.7395	6.7182	6.7415	-1.1	6.759	-1.4	6.8205	-1.3	96.5
Portugal	(Es)	157.980	-0.3	930 - 030	158.030	157.750	158.685	-5.4	159.88	-4.8	164.23	-4.0	94.9
Spain	(Pta)	128.255	-0.18	230 - 280	128.280	128.000	128.52	-2.5	129.03	-2.4	131.655	-2.7	81.1
Sweden	(SKr)	7.4092	+0.0159	054 - 130	7.4287	7.3678	7.4254	-2.8	7.4567	-2.6	7.6322	-3.0	81.2
Switzerland	(SFr)	1.2877	+0.0039	872 - 882	1.2882	1.2825	1.2863	1.4	1.283	1.5	1.2677	1.6	108.4
UK	(£)	1.5815	-0.0037	812 - 818	1.5858	1.5812	1.5812	0.2	1.5806	0.2	1.5691	0.8	88.8
Ecu	-	1.2342	-0.0007	339 - 345	1.2373	1.2333	1.2336	0.6	1.2329	0.4	1.2279	0.5	-
SDR†	-	1.46520	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9986	+0.0003	987 - 988	0.9988	0.9983	-	-	-	-	-	-	-
Brazil	(R)	0.8340	-0.005	330 - 350	0.8350	0.8325	-	-	-	-	-	-	-
Canada	(C$)	1.3429	-0.0034	426 - 431	1.3452	1.3425	1.343	0.0	1.3424	0.1	1.3492	-0.5	84.5
Mexico	(New Peso)	3.4145	+0.002	120 - 170	3.4170	3.4110	3.4155	-0.4	3.4173	+0.3	3.4247	+0.3	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	96.0
Pacific/Middle East/Africa													
Australia	(A$)	1.3580	+0.004	570 - 589	1.3609	1.3532	1.3583	-0.2	1.359	-0.3	1.3663	-0.6	88.9
Hong Kong	(HK$)	7.7285	+0.0002	280 - 290	7.7290	7.7275	7.7283	0.0	7.729	0.0	7.744	-0.2	-
India	(Rs)	31.3688	-	650 - 725	31.3725	31.3650	31.4538	-3.3	31.5988	-2.9	-	-	-
Japan	(Y)	100.325	-0.305	300 - 350	100.650	100.300	100.065	3.1	99.505	3.3	96.97	3.3	146.8
Malaysia	(M$)	2.5715	-0.004	710 - 720	2.5720	2.5660	2.5623	4.3	2.551	3.2	2.6245	-2.1	-
New Zealand	(NZ$)	1.6521	+0.0001	507 - 534	1.6534	1.6488	1.6531	-0.7	1.6549	-0.7	1.6602	-0.6	-
Philippines	(Peso)	25.6000	+0.01	000 - 000	25.8000	25.4000	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7525	-0.0008	520 - 530	3.7530	3.7520	3.7538	-0.4	3.7579	-0.6	3.7765	-0.6	-
Singapore	(S$)	1.4837	-0.0008	834 - 839	1.4839	1.4830	1.4823	1.1	1.4804	0.9	1.4737	0.7	-
S Africa (Com.)	(R)	3.5693	-0.0062	685 - 700	3.5765	3.5665	3.5848	-5.2	3.6131	-4.9	3.6898	-3.4	-
S Africa (Fin.)	(R)	4.0800	-0.097	700 - 900	4.2000	4.0700	4.1137	-9.9	4.1725	-9.1	-	-	-
South Korea	(Won)	801.300	+2.2	800 - 800	801.800	799.200	804.3	-4.5	807.8	-3.2	826.3	-3.1	-
Taiwan	(T$)	26.1878	-0.0245	860 - 895	26.2050	26.1860	26.2078	-0.8	26.2478	-0.9	-	-	-
Thailand	(Bt)	25.0515	-0.0055	480 - 560	25.0550	25.0400	25.124	-3.5	25.2519	-3.2	25.7315	-2.7	-

†SDR rate for Oct 7. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Oct 10. Base average 1990=100

WORLD INTEREST RATES

MONEY RATES

October 11	Over night	One month	Three mths	Six mths	One year	Lomb. inter.	Dis. rate	Repo rate
Belgium	4¾	5	5⅛	5⅜	6½	7.40	4.50	-
week ago	4⅞	5	5⅛	5⅞	6⅝	7.40	4.50	-
France	5⅝	5⅛	5⅜	5⅜	6½	5.00	-	6.75
week ago	5⅜	5⅛	5⅜	5⅞	6⅛	5.00	-	6.75
Germany	4.90	4.96	5.20	5.30	5.75	6.00	4.50	4.85
week ago	4.95	4.95	5.18	5.23	5.63	6.00	4.50	4.85
Ireland	4⅞	5⅛	6⅜	6⅜	7⅛	-	-	6.25
week ago	4⅝	5⅛	6⅜	6⅝	7⅛	-	-	6.25
Italy	8¼	8⅝	8⅞	9⅜	10¼	-	7.50	8.20
week ago	8⅝	8⅝	8⅞	9⅛	10⅛	-	7.50	8.20
Netherlands	4.84	4.98	5.21	5.36	5.81	-	5.25	-
week ago	4.84	4.98	5.24	5.39	5.83	-	5.25	-
Switzerland	3⅞	3⅞	4⅛	4⅛	4⅞	6.625	3.50	-
week ago	3⅞	3⅞	4⅛	4⅛	4¾	6.625	3.50	-
US	4⅝	5¼	5⅝	5⅞	6⅜	-	4.00	-
week ago	4⅞	5¼	5⅜	5⅞	6¼	-	4.00	-
Japan	2⅛	3	2¼	2⅜	2⅝	-	1.75	-
week ago	2⅛	3	2¼	2⅜	2⅝	-	1.75	-
■ $ LIBOR FT London								
Interbank Fixing	-	5⅜	5⅝	5⅞	6¼	-	-	-
week ago	-	5⅜	5⅝	5⅞	6⅛	-	-	-
US Dollar CDs	-	5.00	5.31	5.60	6.17	-	-	-
week ago	-	5.00	5.27	5.56	6.11	-	-	-
SDR Linked Ds	-	3¾	3⅞	3¾	4	-	-	-
week ago	-	3¾	3⅞	3⅞	4	-	-	-

ECU Linked Ds mid rates: 1 mth: 5⅝; 3 mths: 5⅞; 6 mths: 6¼; 1 year: 6¾. $ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US $ CDs and SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Oct 11	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	4 11/16 - 4 9/16	4 13/16 - 4 11/16	4 13/16 - 4 11/16	5 5/16 - 5 3/16	5 13/16 - 5 11/16	6½ - 6⅜
Danish Krone	5¾ - 5½	5¾ - 5½	5⅞ - 5⅝	6½ - 6¼	7 - 6¾	7¾ - 7½
D-Mark	4 15/16 - 4 13/16	4 15/16 - 4 13/16	5 - 4⅞	5 3/16 - 5 1/16	5 5/16 - 5 3/16	5¾ - 5⅝
Dutch Guilder	5 - 4⅞	5 - 4⅞	5 - 4⅞	5¼ - 5⅛	5⅜ - 5¼	5 13/16 - 5 11/16
French Franc	5⅜ - 5¼	5 7/16 - 5 5/16	5 7/16 - 5 5/16	5⅝ - 5½	5 15/16 - 5 13/16	6 7/16 - 6 5/16
Portuguese Esc.	9 5/16 - 9 3/16	9⅝ - 9⅜	9 11/16 - 9½	10⅛ - 9⅞	10⅝ - 10⅜	10¾ - 10½
Spanish Peseta	7 5/16 - 7⅛	7½ - 7⅜	7⅝ - 7½	7 15/16 - 7 13/16	8⅜ - 8¼	9 1/16 - 8 15/16
Sterling	5¾ - 5½	5⅝ - 5⅜	5½ - 5 7/16	5 15/16 - 5 13/16	6 7/16 - 6 5/16	7 3/16 - 7 1/16
Swiss Franc	3 9/16 - 3 7/16	3¾ - 3⅝	3 13/16 - 3 11/16	4 3/16 - 4 1/16	4 5/16 - 4 3/16	4 13/16 - 4 11/16
Can. Dollar	4⅞ - 4 11/16	5 - 4 13/16	5 - 4⅞	5⅜ - 5¼	5 13/16 - 5 11/16	6 13/16 - 6 11/16
US Dollar	4 13/16 - 4 11/16	5 - 4⅞	5 3/16 - 5 1/16	5⅝ - 5½	5⅞ - 5¾	6⅜ - 6¼
Italian Lira	9 - 7½	8¾ - 9	8⅝ - 9¼	8 13/16 - 8 11/16	9⅜ - 9¼	10⅜ - 10¼
Yen	2¼ - 2 3/16	2 9/32 - 2 7/32	2⅜ - 2¼	2 13/32 - 2 11/32	2½ - 2 7/16	2 25/32 - 2 23/32
Asian $Sing	1⅛ - 1	2⅛ - 2	2¾ - 2⅝	3½ - 3⅜	3⅞ - 3¾	4⅛ - 4

Short term rates are call for the US Dollar and Yen, others: two days' notice

■ THREE MONTH PIBOR FUTURES (MATIF) Paris Interbank offered rate

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	94.07	94.08	-	94.11	94.05	13,316	49,760
Mar	93.60	93.63	-0.03	93.66	93.57	13,738	35,807
Jun	93.18	93.24	+0.05	93.26	93.15	11,012	24,572
Sep	92.85	92.89	+0.02	92.92	92.83	3,572	21,138

■ THREE MONTH EURODOLLAR (LIFFE)* $1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	94.06	94.07	+0.06	94.06	94.06	15	2338
Mar		93.69	+0.05			0	1458
Jun		93.29	+0.07			0	300
Sep		92.98	+0.09			0	52

■ THREE MONTH EUROMARK FUTURES (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	94.69	94.70	+0.01	94.71	94.66	34899	184114
Mar	94.33	94.34	-0.02	94.35	94.29	30632	178094
Jun	93.94	93.99	-0.05	94.00	93.92	27748	106507
Sep	93.55	93.64	+0.08	93.65	93.53	11373	76084

■ THREE MONTH EUROLIRA INT.RATE FUTURES (LIFFE) L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	90.46	90.46	-0.02	90.48	90.36	4989	32359
Mar	89.74	89.74	+0.01	89.75	89.64	1994	17260
Jun	89.08	89.18	+0.01	89.19	89.08	976	15032
Sep	88.74	88.80	+0.02	88.81	88.74	641	15417

■ THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	95.70	95.70	+0.01	95.72	95.67	5668	23434
Mar	95.28	95.33	-0.04	95.36	95.27	1852	14345
Jun	94.85	94.96	+0.04	94.96	94.94	349	7229
Sep	94.68	94.85	+0.03	94.68	94.64	44	1129

■ THREE MONTH ECU FUTURES (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	93.66	93.68	+0.01	93.70	93.64	983	7821
Mar	93.14	93.18	+0.03	93.20	93.11	979	5715
Jun	92.58	92.66	+0.05	92.69	92.58	338	3383
Sep	92.12	92.18	+0.03	92.23	92.12	171	1180

* LIFFE futures traded on APT

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Oct 11		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	19.03	16.61	4.854	2.009	4947	5.438	21.14	495.9	402.8	23.25	4.042	1.985	4.215	3.141	314.9	2.543
Denmark	(DKr)	52.56	10	8.728	2.551	1.056	2600	2.858	11.11	260.7	211.8	12.22	2.125	1.044	2.215	1.651	165.8	1.337
France	(FFr)	60.22	11.46	10	2.923	1.210	2979	3.275	12.73	298.7	242.6	14.00	2.434	1.196	2.538	1.891	189.6	1.532
Germany	(DM)	20.60	3.919	3.421	1	0.414	1019	1.120	4.356	102.2	82.94	4.789	0.833	0.409	0.868	0.647	64.87	0.524
Ireland	(I£)	49.77	9.469	8.265	2.416	1	2462	2.707	10.52	246.8	200.4	11.57	2.012	0.988	2.098	1.563	156.7	1.266
Italy	(L)	2.021	0.385	0.336	0.098	0.041	100.	0.110	0.427	10.02	8.138	0.470	0.082	0.040	0.085	0.063	6.364	0.051
Netherlands	(Fl)	18.39	3.499	3.054	0.893	0.369	909.8	1	3.888	91.20	74.04	4.275	0.743	0.365	0.775	0.578	57.90	0.468
Norway	(NKr)	47.30	8.998	7.854	2.296	0.950	2340	2.572	10	234.8	190.4	11.00	1.912	0.939	1.993	1.485	148.9	1.203
Portugal	(Es)	20.16	3.835	3.348	0.879	0.405	997.6	1.096	4.263	100.	81.16	4.688	0.815	0.400	0.850	0.633	63.49	0.513
Spain	(Pta)	24.84	4.725	4.124	1.206	0.499	1229	1.351	5.251	123.2	100.	5.774	1.004	0.493	1.047	0.780	78.21	0.632
Sweden	(SKr)	43.01	8.194	7.143	2.088	0.864	2128	2.339	8.095	213.3	173.2	10	1.739	0.854	1.813	1.351	135.4	1.094
Switzerland	(SFr)	24.74	4.707	4.108	1.201	0.497	1224	1.345	5.231	122.7	99.61	5.751	1	0.491	1.043	0.777	77.90	0.629
UK	(£)	50.37	9.583	8.364	2.445	1.012	2492	2.739	10.65	248.8	202.8	11.71	2.036	1	2.123	1.582	158.6	1.281
Canada	(C$)	23.73	4.514	3.940	1.152	0.477	1174	1.290	5.015	117.7	95.53	5.516	0.959	0.471	1	0.745	74.71	0.603
US	($)	31.84	6.058	5.287	1.546	0.640	1575	1.731	6.732	157.9	128.2	7.402	1.287	0.632	1.342	1	100.3	0.810
Japan	(Y)	31.76	6.042	5.274	1.542	0.638	1571	1.727	6.715	157.5	127.8	7.383	1.284	0.631	1.339	0.997	100.	0.808
Ecu		39.32	7.481	6.529	1.909	0.790	1945	2.138	8.314	195.0	158.3	9.141	1.589	0.781	1.657	1.235	123.8	1

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	0.6470	0.6476	-	0.6479	0.6468	24,104	78,232
Mar	0.6485	0.6485	+0.0001	0.6486	0.6485	50	3,912
Jun	-	0.6498	-	-	-	8	596

■ JAPANESE YEN FUTURES (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	1.0022	1.0002	-0.0026	1.0026	0.9995	17,441	59,181
Mar	1.0077	1.0077	-0.0029	1.0078	1.0077	854	3,609
Jun	-	1.0200	-	-	-	2	513

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	0.7812	0.7805	-0.0021	0.7815	0.7798	9,019	35,055
Mar	0.7835	0.7830	-0.0020	0.7835	0.7830	133	942
Jun	-	0.7867	-0.0005	-	-	1	63

■ STERLING FUTURES (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	1.5836	1.5826	-0.0022	1.5848	1.5826	4,752	42,198
Mar	-	1.5820	-	-	1.5820	8	381
Jun	-	1.5780	-	-	1.5780	1	6

LONDON MONEY RATES

Oct 11	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	6½ - 4¾	5 7/16 - 5 5/16	5½ - 5⅜	5 13/16 - 5 11/16	6 7/16 - 6 5/16	7 3/16 - 7 1/16
Sterling CDs	-	-	5 7/16 - 5⅜	5 13/16 - 5 11/16	6⅜ - 6¼	7⅜ - 7⅛
Treasury Bills	-	-	5¼ - 5⅛	5¼ - 5 3/16	-	-
Bank Bills	-	-	5 13/32 - 5¼	5 25/32 - 5 23/32	6⅜ - 6¼	-
Local authority deps.	5¼ - 5⅛	5¼ - 5⅛	5 7/16 - 5 5/16	5¾ - 5⅝	6 5/16 - 6 3/16	7 1/16 - 6 15/16
Discount Market deps	6½ - 5¼	5⅜ - 5¼	-	-	-	-

UK clearing bank base lending rate 5¾ per cent from September 12, 1994

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	1½	4	3¼	3¼	3½

Certs of Tax dep. under £100,000 is 1½pc. Deposits withdrawn for cash ½pc.
Ave. tender rate of discount 5.4950pc. ECGD fixed rate Stg. Export Finance. Make up day Sep 30, 1994. Agreed rate for period Oct 26, 1994 to Nov 25, 1994, Schemes II & III 7.05pc. Reference rate for period Sep 1, 1994 to Sep 30, 1994, Schemes IV & V 5.735pc. Finance House Base Rate 6pc from Oct 1, 1994

■ THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	93.43	93.45	+0.02	93.45	93.39	21004	167862
Mar	92.63	92.66	+0.03	92.68	92.58	20839	74359
Jun	91.99	92.01	-0.04	92.02	91.92	5622	53173
Sep	91.47	91.54	+0.04	91.55	91.47	3083	50413

Traded on APT. All Open interest figs. are for previous day

■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100%

Strike Price	CALLS Dec	CALLS Mar	CALLS Jun	PUTS Dec	PUTS Mar	PUTS Jun
9325	0.34	0.13	0.15	0.14	0.72	1.39
9350	0.16	0.07	0.10	0.23	0.91	1.59
9375	0.08	0.04	0.07	0.38	1.13	1.61

Est. vol. total, Calls 20436 Puts 4765. Previous day's open int., Calls 312457 Puts 186625

EMS EUROPEAN CURRENCY UNIT RATES

Oct 11	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Netherlands	2.19672	2.14815	-0.00118	-2.21	5.43	-
Ireland	0.808628	0.792393	+0.001123	-2.01	5.21	14
Belgium	40.2123	39.4734	-0.0174	-1.84	5.02	18
Germany	1.94964	1.91803	-0.00139	-1.62	4.76	-
France	6.53883	6.55852	+0.00005	0.30	2.78	-3
Denmark	7.43679	7.51363	+0.00381	1.03	2.04	-7
Portugal	192.854	195.899	-0.044	1.58	1.49	-11
Spain	154.250	159.023	+0.019	3.09	0.00	-22
NON ERM MEMBERS						
Greece	264.513	292.813	+0.184	10.70	-6.87	-
Italy	1793.19	1953.88	+2.39	8.96	-5.38	-
UK	0.786749	0.783440	-0.001412	-0.42	8.63	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by the Financial Times.

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

Strike Price	CALLS Oct	CALLS Nov	CALLS Dec	PUTS Oct	PUTS Nov	PUTS Dec
1.500	8.24	8.18	8.26	-	0.01	0.18
1.525	5.79	5.80	6.12	-	0.06	0.45
1.550	3.30	3.61	4.19	-	0.33	0.99
1.575	1.03	1.89	2.61	0.14	1.05	1.89
1.600	0.03	0.77	1.53	1.84	2.42	3.18
1.625	-	0.23	0.80	4.01	4.31	4.93

Previous day's vol., Calls 3,876 Puts 6,700. Prev. day's open int., Calls 411,175 Puts 331,862

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	94.02	94.03	+0.03	94.07	94.02	37,540	466,839
Mar	93.65	93.67	+0.02	93.69	93.64	27,667	398,620
Jun	93.23	93.27	+0.04	93.28	93.23	15,358	301,687

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	94.64	94.65	+0.02	94.66	94.64	347	21,809
Mar	94.22	94.24	+0.03	94.25	94.22	30	9,038
Jun	-	93.86	-	93.86	-	2	2,092

All Open interest figs. are for previous day

■ EUROMARK OPTIONS (LIFFE) DM1m points of 100%

Strike Price	CALLS Oct	CALLS Nov	CALLS Dec	CALLS Mar	PUTS Oct	PUTS Nov	PUTS Dec	PUTS Mar
9450	0.21	0.23	0.26	0.17	0.01	0.02	0.06	0.33
9475	0.02	0.06	0.11	0.09	0.07	0.11	0.18	0.50
9500	0.01	0.01	0.04	0.04	0.31	0.31	0.34	0.70

Est. vol. total, Calls 2762 Puts 2548. Previous day's open int., Calls 179734 Puts 172061

■ EURO SWISS FRANC OPTIONS (LIFFE) SFr 1m points of 100%

Strike Price	CALLS Dec	CALLS Mar	CALLS Jun	PUTS Dec	PUTS Mar	PUTS Jun
9550	0.25	0.16	0.12	0.05	0.33	0.66
9575	0.08	0.08	0.06	0.13	0.50	0.85
9600	0.02	0.05	0.03	0.32	0.72	1.07

Est. vol. total, Calls 0 Puts 0. Previous day's open int., Calls 1870 Puts 815

BASE LENDING RATES

	%		%		%
Adam & Company	5.75	Duncan Lawrie	5.75	*Roxburghe Guarantee Corporation Limited is no longer authorised as a banking institution.	6
Allied Trust Bank	5.75	Exeter Bank Limited	6.75	Royal Bk of Scotland	5.75
AIB Bank	5.75	Financial & Gen Bank	6.5	●Smith & Williamson Secs.	5.75
●Henry Ansbacher	5.75	●Robert Fleming & Co	5.75	TSB	5.75
Bank of Baroda	5.75	Girobank	5.75	●United Bk of Kuwait	5.75
Banco Bilbao Vizcaya	5.75	●Guinness Mahon	5.75	Unity Trust Bank Plc	5.75
Bank of Cyprus	5.75	Habib Bank AG Zurich	5.75	Western Trust	5.75
Bank of Ireland	5.75	●Hambros Bank	5.75	Whiteaway Laidlaw	5.75
Bank of India	5.75	Heritable & Gen Inv Bk.	5.75	Yorkshire Bank	5.75
Bank of Scotland	5.75	●Hill Samuel	5.75		
Barclays Bank	5.75	C. Hoare & Co	5.75		
Brit Bk of Mid East	5.75	Hongkong & Shanghai	5.75		
●Brown Shipley & Co Ltd	5.75	Julian Hodge Bank	5.75		
CL Bank Nederland	5.75	●Leopold Joseph & Sons	5.75		
Citibank NA	5.75	Lloyds Bank	5.75		
Clydesdale Bank	5.75	Meghraj Bank Ltd	5.75		
The Co-operative Bank	5.75	Midland Bank	5.75		
Coutts & Co	5.75	*Mount Banking	6		
Credit Lyonnais	5.75	NatWestminster	5.75		
Cyprus Popular Bank	5.75	●Rea Brothers	5.75		

● Members of London Investment Banking Association
* In administration

WORLD STOCK MARKETS

EUROPE

PACIFIC

NORTH AMERICA

AFRICA

Prices supplied by Telekurs

NOTES - Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are for 1994, except Toronto & Montreal (daily). ‡ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

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■ TOKYO - MOST ACTIVE STOCKS: Tuesday, October 11, 1994

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Oki Electric	5.9m	803	+13	Kawasaki Steel	3.8m	441	+7
Mitsubishi Elec	5.3m	728	+6	Toshiba	3.3m	760	+14
Nippon Steel	5.1m	379		Sanyo Elec	3.2m	581	+5
Hitachi	4.6m	1010	+20	Honshu Paper	2.7m	696	+9
NEC	4.4m	1260	+30	Mitsubishi Hvy	2.5m	785	+5

INDICES

US INDICES

Standard and Poors

Composite ‡	459.04	455.10	452.36	482.00 (2/2)	438.92 (4/4)	482.00 (2/2/94)	4.40 (1/6/32)
Industrials♥	544.70	539.55	536.39	560.83 (15/9)	510.05 (21/4)	560.83 (15/9/94)	3.62 (21/6/82)
Financial	42.66	42.33†	42.05	48.94 (14/6)	41.39 (4/4)	48.40 (28/3/93)	8.64 (1/10/74)
NYSE Comp.	253.14	251.33	249.93	267.71 (2/2)	243.14 (4/4)	267.71 (2/2/94)	4.46 (25/4/42)
Amex Mkt Val	455.88	455.12	453.60	487.89 (2/2)	422.67 (28/6)	487.89 (2/2/94)	29.31 (9/12/72)
NASDAQ Cmp	756.81	749.96	744.19	803.93 (18/3)	693.79 (24/6)	803.93 (18/3/94)	54.87 (31/10/72)

■ RATIOS

	Oct 7	Sep 30	Sep 23	Year ago
Dow Jones Ind. Div. Yield	2.79	2.76	2.76	2.84
	Oct 5	Sep 28	Sep 21	Year ago
S & P Ind. Div. yield	2.43	2.39	2.41	2.51
S & P Ind. P/E ratio	20.33	20.78	20.64	27.52

■ STANDARD AND POORS 500 INDEX FUTURES $500 times index

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Dec	460.65	461.60	+1.00	461.75	460.15	86,779	218,572
Mar	-	463.75	-	-	-	975	8,256
Jun	-	467.60	-	-	-	4	2,570

Open interest figures are for previous day.

■ NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Close price	Change on day
Grupo Tel	4,369,000	47½	-7⅛
Compaq Com	3,505,100	34¾	+2⅜
Ford Motor	2,747,800	28¼	+1
Gen Motors	2,898,600	45½	+1⅜
Micron	2,319,000	35	+1¼
Chrysler	2,274,300	46⅝	+1½
Hanson	2,179,100	18	-⅛
Dig Equip	2,035,700	27⅝	+1⅛
Motorola	1,885,900	52¾	+1⅞
IBM	1,804,500	71½	+⅝

■ TRADING ACTIVITY

● Volume (millions)

	Oct 10	Oct 7	Oct 6
New York SE	213.112	278.582	268.892
Amex	9,100	14.005	17.803
NASDAQ	210.632	249.926	247.990
NYSE			
Issues Traded	2,817	2,832	2,825
Rises	1,408	1,208	988
Falls	717	934	1,113
Unchanged	692	690	724
New Highs	30	28	19
New Lows	73	164	141

■ CAC-40 STOCK INDEX FUTURES (MATIF)

	Open	Sett Price	Change	High	Low	Est. vol.	Open int.
Oct	1915.0	1927.0	+20.0	1934.0	1896.0	28,334	28,048
Nov	1922.0	1935.0	+20.0	1922.0	1907.0	105	671
Dec	1931.5	1944.5	+20.0	1952.0	1915.0	788	26,398

Open interest figures for previous day.

† Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♣ The DJ Ind. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figs in brackets are prev day's). ♥ Subject to official recalc. Some indices for Oct 6 in yesterday's FT were in error.

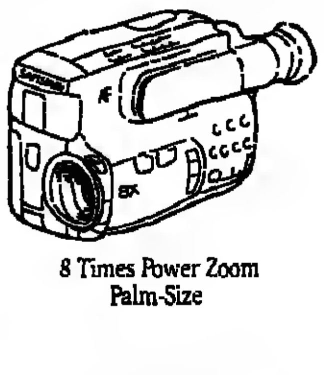
Base values of all indices are 100 except Australia All Ordinary ... Euro Top-100, ISEQ Overall; Toronto Comp./Metals & Minerals ... NYSE All Common - 50 and Standard and Poor's - 10. ... DAX after-hours index: Oct 11 - 2087.71 +38.15

4 pm close October 11

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

- A -

1994 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
17 3/8	12 1/4	AAR	0.48	3.8	21	74	13	12 5/8	12 3/4	-1/8
17 1/4	12 5/8	A L Labs A	0.18	1.1	38	57	16 1/2	16 1/4	16 3/8	+1/8
78 3/4	57 5/8	AMP	1.68	2.2	27	4757	77 3/4	76	77 1/2	+1 5/8
72 3/4	48 1/8	AMR			89	5219	51	50 1/4	50 1/4	-3/8
5	3 3/8	ARX			12	183	3 7/8	3 3/4	3 3/4	
56 1/8	38 5/8	ASA	2.00	3.9	33	1083	51	50 1/2	50 7/8	-3/4
27 7/8	25 3/8	AbbotL x	0.76	2.4	16	9504	31 1/8	31	31 3/8	+1/2
15 1/4	11 3/8	Abitibi Pr	0.50	3.4	11	111	14 1/2	14 3/8	14 1/2	+1/8
23 5/8	17 3/4	ABM Ind x	0.52	2.6		127	20 1/4	20 1/8	20 1/4	+1/4
18	11 1/8	Acapincaln			29	179	15 7/8	15 1/2	15 7/8	
31	25 1/8	ACE Ltd	0.44	1.8	30	222	25 3/4	24 5/8	24 3/8	-5/8
12 1/2	9 1/2	ACM Gvt In x	1.08	11.4		505	9 3/4	d9 1/2	9 5/8	+1/8
10 1/8	7	ACM GvOpp x	0.86	11.4		88	7 1/8	d7	7	
10 5/8	7	ACM Gvt Sp x	0.96	13.2		420	7 1/4	d7	7 1/4	+1/8
12	8 3/8	ACM Gvt Se x	1.09	12.9		185	8 1/2	d8 3/8	8 1/2	
11 3/4	7 3/4	ACM Man x	1.08	14.4		972	7 7/8	d7 3/8	7 1/2	-3/8
9 3/4	8	ACM Managd x	0.72	8.7		131	8 1/4	8 1/8	8 1/4	
15 1/2	8 3/4	AcmeClv	0.44	3.2	17	200	14 1/8	13 1/2	13 7/8	+1/8
9 7/8	6 1/2	Acme Elect			7	13	8	8 3/8	8 3/8	
28 3/4	23	Acordia	0.60	2.2	13	4	27 1/8	27 3/8	27 3/8	
13 3/4	5 3/4	Actava	0.90	3.6	2	190	10 1/8	9 7/8	10 1/4	+1/8
17	11 1/8	Acuson			126	660	16 3/4	16 1/2	16 1/2	-1/8
18 1/8	16 1/2	Adams Expr	0.48	2.8	0	218	17 1/4	16 7/8	17 1/4	+1/4



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4 pm close October 11

NYSE COMPOSITE PRICES

1994 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
Continued from previous page										
46	37¾	StPaul	1.50	3.5	4	2311	42⅞	42⅜	42⅜	-⅛
9⅜	5	Salant Crp			7	6	5⅝	5⅝	5⅝	+⅛
40⅞	31⅞	Sallie Mae	1.40	4.3	6	1078	32½	32¼	32⅜	+⅛
13⅞	11⅞	Salomon Br	0.32	2.8		281	12½	12¼	12½	+⅛
52¼	37⅝	Salomn	0.64	1.7	5	2890	38⅞	38⅛	38⅝	
25	17½	SnDgGE	1.52	7.9	18	318	19⅜	19⅛	19¼	
16	7½	SantaFeERs	0.18	1.8	8	182	8	8⅞	8⅞	
17⅞	13½	SFeGd				60605	15¼	14⅝	14⅞	-⅝
40	31½	SantaFePac	2.80	8.4	18	143	33⅝	33¼	33⅜	-⅜
26⅝	12⅛	SanFeP	0.10	0.7	8	15668	15	14½	14⅝	+⅛
26	19⅜	SaraLee	0.64	2.8	18	5158	22¾	22⅜	22¾	+⅜
50½	42⅛	Scana Corp	2.62	6.4	11	874	44⅜	44	44¼	+⅛
20½	12½	Scecrp x	1.00	7.8	8	6061	13⅝	13¼	13⅜	+½
42⅞	31¾	SchererRP			33	1125	u43½	43	43¼	+½
72½	64½	SchrPl	2.04	2.9	18	4647	71½	70⅝	70¾	+⅛
63	50¼	Schlmb	1.20	2.1	23	3616	58⅝	58⅛	58⅛	-⅛
33⅞	23¾	Schwab(C)	0.20	0.9	14	2291	30⅞	29⅞	30⅞	+1
18¾	6⅛	Schwitzer			20	3208	8¼	8¼	8⅛	+⅞
32⅝	12½	SciAtl	0.00	0.3	42	3055	21⅜	20¾	21⅜	+⅝
16⅞	13	Scotsman	0.18	0.8	14	21	16	15⅝	15⅝	
66⅜	37¾	ScottP	0.80	1.3	16	11500	64⅝	61¼	31½	-3¼
28⅝	18⅝	ScuddrNAsF	0.21	8.8		39	23⅜	23½	23⅝	+⅛
12⅝	9⅛	ScuddrNEuF	0.18	1.8		419	9⅞	9⅝	9⅞	+¼
18¼	13½	SeaCaB	0.70	4.4	7	38	15¾	15¾	15¾	
18½	14⅝	SeaC1.4625	1.46	8.3		2150	15¾	15¾	15¾	-⅛
32⅝	26¼	Seagrm	0.06	2.0	39	4645	30½	30⅛	30½	+⅜
29¾	22⅞	Seagull En			31	700	24⅛	23⅝	23¾	+¼
36¼	26⅝	Sealed Air			24	103	32⅞	31⅞	32⅞	+¼
55⅛	42⅛	SearsR	1.60	3.4	7	3822	47⅞	47	47¼	+½
13¾	11	Seligm Sel	0.84	7.6		81	11¼	11	11	-⅛
39¼	26	Sensormat	0.22	0.7	33	2169	32⅞	32½	32¼	+⅝

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AMEX COMPOSITE PRICES

4 pm close October 11

[illegible]

NASDAQ NATIONAL MARKET

4 pm close October 11

[illegible]

FINANCIAL TIMES Wednesday October 12 1994

AMERICA

Bond market gives support to US stocks

Wall Street

US share prices soared as a buoyant bond market and solid earnings news brought sharp gains across the board, *writes Frank McGurty in New York.*

By 1 pm, the Dow Jones Industrial Average was 51.47 higher at 3,872.79, despite NYSE restrictions on program-guided buying. The so-called "downtick" rule had gone into effect when the gain first exceeded the 50-point threshold.

The broad base of the rally was reflected in the Standard & Poor's 500, which was up 6.53, or 1.5 per cent, at 465.57. On the NYSE, advances led declines by a three-to-one margin on fairly heavy volume of 220m shares.

The Nasdaq composite was also staging a powerful advance, with a gain of 8.77 to 765.58. The American SE composite, up 1.32 at 457.30, lagged behind.

It was the third day in a row in which stocks showed a marked improvement. The sustained upturn reflected an easing of concerns over an immediate move by the Federal Reserve to lift short-term interest rates.

The rally was given added impetus yesterday by a published report, quoting unnamed Fed officials, which suggested that policy makers would wait until their next scheduled meeting on November 15 before tightening credit conditions.

The shift in sentiment, which had begun when Friday's employment data proved weaker than expected, was evident in the Treasury market where bond prices made further progress ahead of this week's inflation news.

Meanwhile, equity investors had a smorgasbord of appealing corporate results from which to feast. PepsiCo gained $1⅞ to $34⅝ after beating the consensus forecast with net earnings of 68 cents a share.

Motorola led the technology sector on impressive quarterly results, revealed after the close of trading in the previous session. Its shares were marked up $1⅝ at $54⅝ with an upgrading by Merrill Lynch giving the stock added support.

Digital Equipment forged $1⅝ ahead to $29¼ on news that it had sold another of its marginal businesses.

Chrysler was the first of the Big Three car makers to report, but the response to its announcement was tepid, even although its performance was better than most had predicted. The issue added $⅜ to $46½.

International Paper's results were a disappointment, but the stock managed to edge $¼ forward to $78½.

But several other cyclical stocks were up sharply as investors anticipated good news to come. Caterpillar gained $2⅛ to $55⅜. General Electric was up $1⅛ at $48 and Deere jumped $2 to $70½.

There was something more tangible to boost confidence in *Procter & Gamble*, up $1⅞ at $61. Its chairman told shareholders that the company had just completed its best quarter ever.

Apple helped its own cause as well by forecasting better-than-expected results for the quarter. On the Nasdaq, the stock added $1⅛ to $40.

Biogen backtracked a further $1⅛ to $50⅜. The company fell victim to profit-taking for a second day although clinical trials for its beta interferon multiple sclerosis treatment were successful.

Canada

Toronto stocks were firmer at midday, but the advance was moderated slightly by declining gold issues. The TSE 300 composite index was up 28.13 at 4,318.93 in volume of 27.17m shares worth C$395.28m. High-technology shares helped push the index higher.

The industrial products group rose 48.92, or 1.78 per cent, to 2797.63. Northern Telecom rose C$1⅝ to C$47⅝ on news that it had secured a contract from *CellCom Israel* to supply Israel's second nationwide cellular mobile telephone network in a three-year, C$100m agreement.

Mexico advances 1%

The Mexican stock market was was up sharply in early trading as investors took advantages of recent declines to purchase equities.

The IPC index was up 26.59 or 1 per cent, at 2,648.22 in volume of 14.7m shares in early trade. Advancing stocks outnumbered losers by 19 to three in 174 trades with a total value of 176.11m pesos.

● The value of foreign holdings of Mexican stocks rose nearly 1 per cent in September to $55.9bn, the Mexican stock exchange said.

For the year to date, the foreign investment figure was up 2.34 per cent.

Brazil

Shares in São Paulo were down 1 per cent in moderate trade by mid-session led by a drop in Telebras, the state telecom utility, on news that the government was planning to lower long-distance telephone rates.

The Bovespa index was down 496 at 49,825 in turnover of R$197.6m ($236.9m).

Brokers commented that investors were nervous ahead of the futures settlements which take place tomorrow and October 17.

Telebras preferred were off 1.6 per cent at R$46.

Gold, mining stocks weak

South African gold and other mining stocks lost ground by the close as the market reacted to strength in the financial *rand and gold price weakness.*

Dealers said that firmer world stock markets had provided support to industrial stocks.

The overall index fell 72 to 5,526, the industrial 14 to 6,247 and the gold index lost 91 to 2,265.

Among the main movers De *Beers fell R3 to R98, Anglos R6* to R227 and Barlows 50 cents to R30d. Vaal Reefs was R23 lower at R435 but SAB went against the trend to rise 50 cents to R84.

EUROPE

Schering soars after report from San Francisco

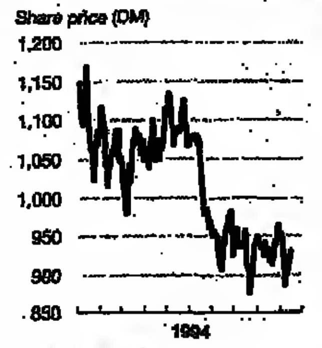
Easing tensions in the Middle East, optimism for the ruling German coalition ahead of Sunday's parliamentary elections and the unleashing of the Dow yesterday afternoon coaxed another decidely upbeat performance from German equities, *writes Our Markets Staff.*

FRANKFURT accentuated the positive with bonds rising and, towards the end of the official session, Dax futures extending Monday's uptrend. The Dax index rose 46.27, or 2.3 per cent to 2,071.06, effectively doubling Monday's post-bourse rise to 2,048.56.

In the afternoon, apparently unimpeded by wage demands of up to 6 per cent from the German engineering workers' union, IG Metall, the Ibis-indicated Dax climbed further to 2,087.71, up 1.9 per cent over 24 hours.

The stock of the day was Schering, which recovered DM44 to DM942 following the presentation of rival multiple sclerosis drugs in San Francisco on Monday. Mr Mark Tracey, of Goldman Sachs in London, said that Schering's BetaSeron drug was unlikely to face productive competition until 1996.

Schering



Source: FT Graphite

In the meantime, said Mr Tracy, Schering was looking at higher margins and sales, cost cutting potential, net cash equal to around 30 per cent of the share price and a p/e ratio of 13 to 14 for 1995 backed by prospective five-year earnings per share growth of 25 per cent per annum compound.

Back in the broad market, there were big gains for Allianz, chemicals and carmakers. US buying for the latter took Volkswagen up DM11 to DM477, BMW by DM13.50 to DM791 and Daimler by another DM10.60 to DM789.50 *although,* according to the chairman of Adam Opel in Frankfurt, the *European and German car* markets will grow only modestly in the next five years and manufacturers will not match the profits they achieved in the early 1990s..

FT-SE Actuaries Share Indices

Oct 11								THE EUROPEAN SERIES
Hourly changes	Open	11.00	11.30	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1327.80	1326.44	1323.59	1321.04	1322.84	1327.29	1330.28	1330.45
FT-SE Eurotrack 200	1380.37	1379.55	1376.79	1375.29	1375.66	1381.07	1384.56	1384.80

	Oct 10	Oct 7	Oct 6	Oct 5	Oct 4
FT-SE Eurotrack 100	1317.39	1287.98	1290.84	1285.48	1312.97
FT-SE Eurotrack 200	1370.44	1344.02	1345.42	1335.96	1380.61

Base 1000 (26/10/90); High/day: 100 - 1333.21; 200 - 1385.71 Low/day: 100 - 1320.81 200 - 1373.69 † Partial

PARIS finally broke through the 1,900 barrier as the CAC-40 index attained a session high of 1,924 before easing slightly to close up 20.70 at 1,919.02.

Trading in Sanofi was suspended for a time ahead of its announcement that it was to sell a significant proportion of its bio-activities to Viag of Germany for FFr4.4bn. On resumption the shares put on FFr3.10 to close at FFr241.20.

The sale comes as part of Sanofi's disposal programme to finance the acquisition of Sterling Winthrop's prescription pharmaceuticals activities from Eastman Kodak of the US.

Initial reaction from analysts was positive, with the sale price at or above expectations. However, others remarked that Sanofi still had to dispose of the remaining part of its bio-activities, worth around FFr2bn, although the company said that it hoped to sign agreements for the remaining part of the business by the end of the year.

ZURICH had mixed feelings about its pharmaceuticals and chemicals sector. Switzerland's three big drug companies are due to produce nine month sales figures over the next weeks, and the talk yesterday was that Swiss franc appreciation, and the policy of cost containment by leading customers will affect the outcome.

Roche certificates recovered SFr95 to SFr5,890 but Sandoz bearers dropped SFr8 to SFr665, and Ciba bearers by *SFr7 to SFr775.*

The SMI index rose 16.8, or 0.7 per cent to 2,570.24, led by banks which saw CS Holding up SFr14 at SFr544 and SBC bearers SFr6 higher at SFr375. One of the best gains of the day came from Brown Boveri, up SFr33 at SFr1,100 in a technical recovery.

MILAN was again rocked by *political turmoil* as rumours swept the market that Mr Silvio Berlusconi, the prime minister, was about to be placed under investigation by magistrates. The allegation was firmly denied by a government spokesperson and the stock market made a late rally on short-covering.

The Comit index ended the session off 3.23 at 636.83 in light turnover. Losses among stocks were evenly spread with Montedison off L27 at L1,223 and Pirelli down L80 at L2,190.

Benetton recovered L230 to L19,900, as the company continued to recoup last week's losses.

AMSTERDAM's forward momentum continued in moderate turnover. The AEX index *improved 5.23 to 404.11.* Philips, which was positive on Monday following news that it had signed a co-operation agreement with IBM for the production of semi-conductors, attracted renewed support, the shares rising Fl 1.80 to Fl 55.00.

MADRID moved from a small decline in mid-session to a minor *recovery at the close,* the general index rising 0.93 to 295.75. Mr Christopher Cooper of James Capel noted that Monday's turnover had been at, or near a low for the year of Pta14bn; yesterday produced an improvement at Pta18.7bn.

Banks provided the base for the index improvement with BCH closing Pta35 higher at Pta2,975. Popular up Pta210 at Pta15,660 and Santander Pta70 better at Pta4,970.

STOCKHOLM, and Ericsson Bs were inspired by nine-month figures from the telecommunications group's US competitor, Motorola. The Ericsson B rise of SKr21.50, or 6.3 per cent to SKr416 was followed by Volvo B, up SKr4.50 at SKr138, and the Affärsvärlden General index climbed by 22.80, or 1.6 per cent to 1,415.00.

Written and edited by William Cochrane and John Pitt

ASIA PACIFIC

Rise in the dollar encourages the region's investors

Tokyo

The rise in the dollar above the Y100 level encouraged investors, and the Nikkei index gained ground following Monday's holiday closure on buying of high-technology stocks by overseas investors and dealers, *writes Emiko Terazono in Tokyo.*

The 225 index added 76.71 to 19,821.46 after a low of 19,790.46 and a high of 19,894.88. The index jumped to the day's high in the morning session on buying of export-oriented stocks, but fluctuated later in a narrow range.

Expectations of higher US interest rates and growing tensions in the Middle East supported the dollar while corporate investors, encouraged by the *dollar's advance, also put* in buy orders. However, volume was subdued at 199m shares against Friday's 226m.

Traders said the sluggish activity was also partly due to subscriptions to Japan Tobacco – yesterday was the deadline for the successful bidders to the share subscription to make payments for their *stocks, but some brokers* estimated that 25 per cent to 50 per cent had abstained from buying shares.

The Topix index of all first section stocks finished 5.79 higher at 1,583.84 and the Nikkei 300 rose 1.15 to 290.26. Gainers led losers by 587 to 330, with 231 issues unchanged.

In London, the ISE/Nikkei 50 index rose 1.01 to 1311.94.

High-technology issues led trading activity: Oki Electric, the day's most active issue, rose Y13 to Y803, Mitsubishi Electric gained Y6 to Y728 and Hitachi added Y20 to Y1,010. NEC rose Y30 to Y1,260 and Fujitsu advanced Y30 to Y1,110.

Carmakers, however, were neglected, with Toyota Motor down Y10 to Y2,060 and Nissan Motor declining Y2 to Y815.

Pulp and paper stocks were higher. Honshu Paper rose Y9 to Y696 and New Oji Paper added *Y20 to Y1,040.*

Japan Telecom continued to lose ground, falling Y30,000 to Y3.89m ahead of the Japan Tobacco listing. However, Nippon Telegraph and Telephone gained Y7,000 to Y872,000 and East Japan Railway added Y1,000 to Y476,000.

In Osaka, the OSE average rose 106.93 to 22,115.04 in volume of 12.5m shares. High-technology stocks gained ground, with Rohm, the semi-conductor manufacturer, *rising* Y50 to Y4,360.

Roundup

The region was firmer yesterday helped by overnight gains on Wall Street.

HONG KONG moved forward on bargain hunting although turnover was thin.

The Hang Seng index closed up 113.92 or 1.23 per cent, at 9,362.32 after touching a high of 9,392.53 in the closing minutes of trade.

Brokers said the buying was *mainly led by domestic investors.*

Among the day's main movers Jardine Matheson rose HK$2.75, or 4.4 per cent, to HK$64.75 and HSBC HK$1.25, or 1.4 per cent to HK$87.50. Brokers said they saw potential for further gains today, ahead of tomorrow's market holiday and US price data due out by the end of the week.

SEOUL improved on a rise in blue chips as overall sentiment remained positive after the government's announcement last week of an easing of foreign ownership restrictions.

The composite index put on 9.98 to 10,78.66, with an estimated 53.7m shares traded.

Brokers said that the index reached a new high of 1,083.49 in early trading before easing slightly on a light round of profit-taking.

Posco closed Won2,300 higher at Won85,700 ahead of a scheduled listing of its ADRs on the New York stock exchange later this month.

SINGAPORE recouped all of Monday's losses on buying from overseas investment funds following the rally on Wall Street.

The Straits Times Industrial index added 42.95 to 2,345.23, with 188m shares traded.

US and UK based funds were *seen as buyers of* blue-chip issues, pushing the index to an intra-session high of 2,350.1 near the close.

Cycle and Carriage led the market higher with a 40 cent gain to S$13.60 and Jurong Shipyard 10 cents to S$13.80.

Elsewhere, Singapore Airlines added 10 cents to S$8.35, with the foreign share rising 30 cents to S$14.00.

Foreign-held bank shares were higher, as Development *Bank of Singapore foreign rose* 30 cents to S$15.40, while United Overseas Bank foreign added 50 cents to S$16.00 and Overseas Union Bank foreign 20 cents to S$8.55.

TAIPEI lost another 1.4 per cent following last week's heavy losses, as investors returned after Monday's holiday closure. The weighted index shed 89.77 to 6,124.71, but off a session low of 5,916.39. Turnover was steady at T$78.45bn.

Financials went against the trend, leaving the sector index *up 0.5 per cent, with ICBC rising* T$2 to T$91. Brokers said that they expected the market to recover gradually in the coming sessions as the impact of default payments had started to cease and institutions were seen to be buying.

The plastics sector had a mixed day: Grand Petrochemical lost T$4 to t$58.50 while Union Petrochemical reversed an earlier fall to rise T$1 to T$74 on late institutional buying.

SYDNEY was encouraged by the gains seen elsewhere which helped the All Ordinaries index to a rise of 15.6 points to 2,003.6.

BHP continued to lead the market higher, adding 26 cents to A$19.50, with News Corp rising 17 cents to A$8.27.

BANGKOK, sensitive to news from the Gulf, recovered as tension in the region appeared to *ease* but *the mood* was still dominated by caution as the SET index closed 16.14 higher at 1,444.26 on thin turnover of Bt4bn.

The absence of outside influences would be good for the market, said brokers. They said investors were generally optimistic about third-quarter results due at the end of the month.

National Finance, Bangkok Bank and PTT exploration all rose by Bt4, to Bt470, Bt208 and Bt234 respectively. National Finance peaked at Bt476 earlier in the day, on active turnover of Bt78.1m.

BOMBAY featured sharply higher first-half results from Reliance Industries, the big textiles and petrochemicals manufacturer which produced a 146 per cent increase at net profit level. The BSE 30-share climbed 12.30 to 4,423.25.

The Reliance figures, with a net of Rs5.1bn against market expectations of about Rs4bn, brought some late enthusiasm into other blue chips.

Reliance itself rose Rs10 to Rs415 after a slight dip ahead of the results.

MANILA could not shake off early weakness on Middle East fears which, with a new wave of domestic initial public offerings and a lack of fresh company news, pulled the composite index down 25.16 to 2,946.95 as turnover dropped from 1.58bn pesos to 1.11bn.

WELLINGTON strengthened considerably with the NZSE-40 capital index rising 1.65 per cent. Turnover was a moderate NZ$38.06m.

The leading stocks performed well, notably Fletcher Challenge which added 14 cents to NZ$4.26.

The power utility, EnergyDi*rect, gained 4 cents to NZ$1.67* on takeover rumours.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	MONDAY OCTOBER 10 1994								FRIDAY OCTOBER 7 1994					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	52 week High	52 week Low	Year ago (approx)
Australia (68)	167.35	1.1	156.51	106.45	134.86	150.70	1.1	3.68	165.44	154.21	104.81	132.55	149.04	189.15	149.36	150.77
Austria (16)	181.67	0.8	169.90	115.56	146.39	148.33	1.4	1.10	180.28	168.04	114.21	144.44	144.39	198.89	167.46	178.19
Belgium (37)	162.59	0.3	152.08	103.42	131.02	127.83	0.9	4.31	162.02	151.02	102.65	129.81	126.66	177.04	149.33	153.05
Canada (103)	136.67	0.1	127.81	86.93	110.13	133.23	0.0	2.52	136.54	127.27	86.50	109.39	133.23	145.31	120.54	124.58
Denmark (33)	245.85	1.0	229.92	156.38	198.11	202.71	1.5	1.46	243.51	226.87	154.27	195.10	199.72	275.79	230.27	236.42
Finland (24)	176.86	-0.1	165.40	112.50	142.51	176.83	0.5	0.80	177.09	165.07	112.19	141.88	176.02	182.38	116.85	119.33
France (101)	165.99	1.4	155.23	105.58	133.76	137.87	2.0	3.14	163.63	152.92	103.67	131.10	135.19	185.37	159.34	173.05
Germany (58)	138.32	2.4	129.36	87.99	111.46	111.46	2.9	1.85	135.16	125.98	85.82	108.28	108.28	150.40	128.37	135.56
Hong Kong (56)	378.32	-0.8	353.82	240.65	304.87	375.38	-0.8	3.25	381.20	355.32	241.50	305.42	378.20	506.56	317.38	317.38
Ireland (14)	202.13	0.4	189.03	128.57	162.88	181.99	0.9	3.52	201.35	187.68	127.56	161.33	180.38	216.60	171.40	173.17
Italy (59)	78.90	1.5	73.79	50.19	63.58	92.89	2.0	1.67	77.71	72.43	49.23	62.26	91.04	97.78	57.88	72.30
Japan (468)	157.44	-0.4	147.24	100.15	126.87	100.15	0.0	0.77	158.08	147.35	100.15	126.66	100.15	170.10	124.54	156.21
Malaysia (97)	546.91	-1.3	511.48	347.89	440.72	540.80	-1.1	1.55	553.91	516.30	350.92	443.80	547.08	621.63	430.71	442.82
Mexico (18)	2203.17	0.6	2060.43	1401.42	1775.37	8220.14	0.5	1.25	2189.12	2040.47	1386.88	1753.91	8179.68	2647.08	1674.01	1674.01
Netherland (19)	209.64	0.9	196.06	133.35	168.94	166.06	1.5	3.48	207.78	193.68	131.62	166.46	163.59	218.19	187.01	191.80
New Zealand (14)	70.23	0.3	65.68	44.67	56.59	61.60	0.2	3.95	70.03	65.27	44.36	56.11	61.46	77.59	59.22	62.54
Norway (23)	196.07	0.5	183.36	124.72	157.99	179.29	1.1	1.84	195.05	181.80	123.57	156.27	177.33	211.74	165.52	181.25
Singapore (44)	377.54	-1.3	353.09	240.16	304.24	258.28	-1.1	1.63	382.68	356.70	242.44	306.61	261.17	393.12	294.66	308.11
South Africa (59)	313.82	-0.1	293.48	199.62	252.88	286.50	0.0	2.24	313.97	292.65	198.91	251.55	286.50	314.24	202.72	211.44
Spain (36)	137.92	0.5	128.98	87.73	111.14	134.14	1.1	4.13	137.18	127.87	86.91	109.91	132.64	155.79	128.88	140.63
Sweden (36)	220.42	0.1	206.14	140.21	177.62	241.25	1.2	1.66	220.11	205.18	139.45	176.35	238.41	231.35	175.83	197.56
Switzerland (47)	163.90	1.8	153.28	104.26	132.08	130.45	2.3	1.86	161.06	150.12	102.04	129.04	127.56	176.56	143.64	145.10
United Kingdom (204)	195.50	0.8	182.83	124.36	157.54	182.63	1.1	4.18	193.92	180.78	122.86	155.37	180.78	214.96	161.11	198.98
USA (515)	187.32	0.8	175.19	119.18	150.95	187.32	0.8	2.60	185.83	173.21	117.73	148.88	185.83	198.04	178.95	186.04
EUROPE (709)	168.20	1.2	157.31	106.99	135.54	148.40	1.7	3.13	166.25	154.96	105.32	133.20	145.99	178.58	154.79	162.98
Nordic (116)	214.57	0.3	200.67	136.49	172.90	200.67	1.1	1.48	213.93	199.40	135.53	171.40	198.42	222.16	173.16	187.49
Pacific Basin (747)	168.74	-0.4	155.94	105.06	134.37	110.65	-0.1	1.10	167.41	156.05	106.06	134.13	110.72	178.86	134.79	161.63
Euro-Pacific (1456)	167.24	0.3	156.40	106.38	134.78	125.88	0.7	1.96	166.80	155.47	105.67	133.64	125.02	175.14	143.88	162.19
North America (618)	184.17	0.8	172.24	117.15	148.41	183.57	0.6	2.88	182.79	170.36	115.78	146.43	182.17	192.73	175.67	184.11
Europe Ex. UK (505)	149.98	1.4	140.26	95.40	120.86	126.11	2.0	2.51	147.92	137.87	93.71	118.51	125.63	158.12	135.94	143.16
Pacific Ex. Japan (279)	257.00	-0.4	240.35	163.48	207.10	228.91	-0.3	2.84	258.01	240.49	163.46	206.72	229.72	296.21	216.73	218.73
World Ex. US (1636)	169.21	0.3	158.24	107.63	136.35	129.80	0.6	1.97	168.77	157.31	106.92	135.22	128.76	178.95	145.58	162.35
World Ex. UK (1847)	172.14	0.4	160.98	109.50	138.71	143.87	0.7	2.10	171.49	159.79	108.61	137.36	142.94	178.59	155.86	167.57
World Ex. So. Af. (2092)	173.31	0.5	162.08	110.24	133.65	148.40	0.7	2.30	172.52	160.80	109.30	138.22	145.37	160.03	158.54	169.72
World Ex. Japan (1683)	185.10	0.8	173.10	117.74	149.18	175.06	1.0	2.94	183.61	171.14	116.32	147.11	173.34	195.20	176.34	179.14
The World Index (2151)	174.20	0.5	162.92	110.61	140.38	147.43	0.7	2.30	173.42	161.66	109.87	138.94	146.42	180.80	158.85	169.90

Latest prices were unavailable for this edition. Markets closed 10/10/94: Canada, Japan and South Africa.

If you haven't read the previous pages you may well be behind The Financial Times.

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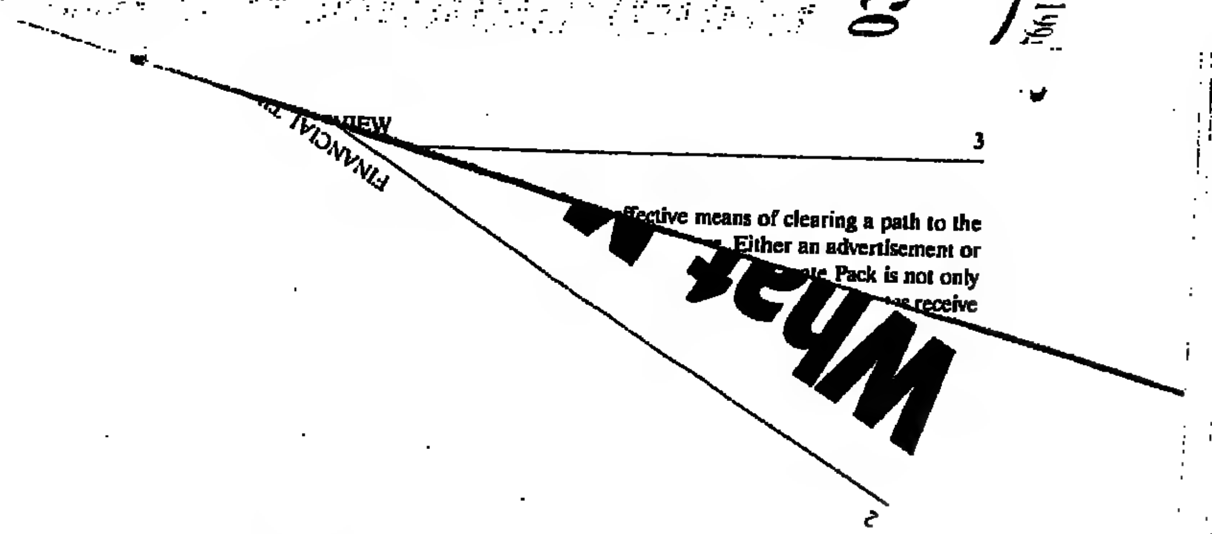
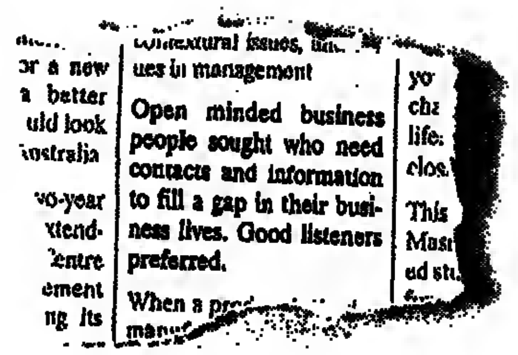




FT

FINANCIAL TIMES
Conferences

For details see over →

…at Makes A Financial Times Conference Different?

Every year, Europe plays host to some 5,000 conferences. Sifting the good from the bad can be as much of a gamble as poking a pin into a list of runners at the race course.

Tim Kingham

Successful conferences, though, share all of the same features and they are not difficult to identify, according to Tim Kingham, Managing Director of Financial Times Conferences (FTC). "The keynote is quality in everything we do. We attract the best quality speakers and delegates and hold our conferences at five star hotels where participants can be assured of the facilities which business people of this calibre expect."

The same approach permeates the conference administration. As Mr. Kingham explains, it isn't just a question of hitting on a topic, choosing competent speakers and letting the event run itself. "We have a team of five researchers and programmers working throughout the year to keep abreast of the key industry topics, business sectors and shifting political or economic events worldwide which are the subjects of our conferences."

Topical and relevant

The team's brief is clear - to identify topics which will help business people - but their method is meticulous and painstaking and necessitates ongoing dialogue with industry leaders, politicians and the governments of many countries. Such contacts can sometimes result in participation between the FTC and another high profile organisation with a particular topic which they feel needs to be aired.

The European Commission invited FTC to join them in arranging an event which took place in Brussels last week. It was a forum in which around 150 invited senior executives from EU and Asian countries discussed ways in which the Commission could facilitate trading with Asia.

The research team identifies the need for a particular conference and then spends months pinpointing around 50 possible topics for inclusion in the programme. Consultations with industry or political leaders, journalists, experts in the field, academics and leading business people help to narrow down the topics until 15 or 16 speeches remain which form the final programme. This interactive approach is critical to ensure that the content of an event is completely topical and relevant to the delegates.

A high standard of speaker

FT Conferences have an extremely high profile and are perceived to be an excellent platform for world leaders from every section of the community. Finding top quality speakers is, therefore, not difficult. At a recent conference in Warsaw, designed to give business people an insight into the possibilities of trading with Poland, the country's Prime Minister gave the opening address. It is not unusual, either, for the chief executives of multinational corporations to request a speaking slot at a FT conference. The calibre of both speakers and delegates is such that, for both sides of the platform, attendance is recognised to be of great value. The wealth of contacts an event provides is recognised by all participants as being every bit as important as the information which is exchanged.

Integration

FTC works in close partnership with the newspaper to give businessmen a broader overview than would be possible in any one medium alone. "We cover anything which fits in with the FT newspaper to give information and assistance to international business people" explains Mr. Kingham. "We try to give a comprehensive overview, timing our conferences, where possible, with FT supplements on the same topic. In the week in which we held our Asian Telecommunications conference in Hong Kong, the FT published a supplement on the industry and FT Newsletters launched a newsletter on the topic at the same time. It is this kind of reinforcing combination which no other conference organiser can match."

Hong Kong – Venue for Asian Telecoms Conference

Question the information

While some of the printed material overlaps with and reinforces conference topics, attendance at a conference gives the unparalleled opportunity to question and interact with leaders and peers in the industry. This live forum is often a springboard for fresh information and ideas which would not emerge from reading alone. "After all, what other information source allows you the opportunity to question or seek clarification from the information provider?" points out Mr. Kingham.

Mr. Kingham believes that the broad overview which the FT Group can provide gives FTC a strength which is unique in the marketplace. "By the end of each conference, our aim is to give participants a clearer view of how the country or industry under discussion is developing. We try to make delegates aware of opportunities within their industry, raise potential key problems and provide ways of looking at them which will lead to solutions."

The perfect place to plan

Delegates often admit that a FT conference provides them with the perfect environment for strategic planning, away from all the day-to-day interruptions which are part of office routine. Mr. Kingham believes that executives should be encouraged to attend FT conferences which are relevant to their industries. "When senior directors spend all their time in the office, however much they may intend to think about strategy and long term planning, they rarely get time to do so without being caught up in administrative duties. The short term takes priority over the longer term, and the key job function of forward thinking and strategy can be dangerously left to a short period around the time of the annual budget. However, the stimulating atmosphere of a FT conference gives senior management the necessary break from routine which allows them to change tack and bounce ideas off the other participants. This can help them formulate long term strategies which would otherwise evolve much more slowly and without the same clarity of vision" explains Mr. Kingham.

Meticulous preparation, the calibre of speakers and participants and the broad overview which the newspaper, conference division and the other members of the Financial Times Group can provide are the ingredients which produce a high level of satisfaction amongst delegates and sets FT Conferences ahead of the field.

FINANCIAL TIMES CONFERENCES Mission Statement

The mission of the FTC is to organise conferences on subjects of interest to the international business community, using the highest calibre speakers and providing attending delegates with the finest service, thereby providing a low cost and time efficient means of obtaining both impartial quality information and making senior level industry contacts.

CONTENTS

REGISTRATION & ENQUIRY FORM

Please use the following form to register for conferences, order previous conference transcripts, or request further information.

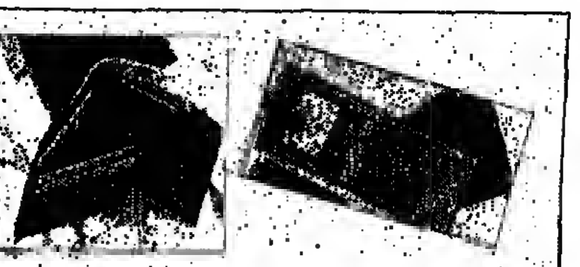
Please tick the conferences you wish to attend and provide payment by cheque, bank transfer or credit card.

If you require further information please tick the relevant box.

SPECIAL OFFER

All those registering for 1995 conferences using this application form will receive a 10% discount AND a choice of one of two FT products: a black leather billfold wallet or a black leather computer disk wallet.

(Bookings must be received on this form with payment by 31st December 1994.)



CONFERENCES

Please tick the conferences you would like to attend and enclose payment in one of the forms outlined below or tick conferences you would like further information on.

TRANSPORT
- ☐ LONDON MOTOR — FEBRUARY 20 1995, LONDON — £346.50 + 17½% VAT (£385 + VAT Full Price)
- ☐ WORLD MOTOR — SEPTEMBER 12 & 13 1995, FRANKFURT — £648 + 17½% VAT (£720 + VAT Full Price)
- ☐ EUROPEAN TRANSPORT — MAY 1995, LONDON — £612 + 17½% VAT (£680 + VAT Full Price)
- ☐ WORLD AEROSPACE & AIR TRANSPORT — JUNE 1995, PARIS — £648 + 17½% VAT (£720 + VAT Full Price)

PHARMACEUTICALS
- ☐ BIOTECHNOLOGY — DECEMBER 13 & 14 1994, LONDON — £660 + 17½% VAT.
- ☐ WORLD PHARMACEUTICALS — MARCH 20 & 21 1995, LONDON — £612 + 17½% VAT (£680 + VAT Full Price)

BANKING & FINANCE
- ☐ CORPORATE RISK MANAGEMENT & THE INTERNATIONAL INSURANCE INDUSTRY — NOVEMBER 3 1994, LONDON — £375 + 17½% VAT
- ☐ FINANCIAL REPORTING IN THE UK — NOVEMBER 28 1994, LONDON — £375 + 17½% VAT
- ☐ VENTURE FORUM EUROPE '94 — DECEMBER 1 & 2 1994, LONDON — £710 + 17½% VAT
- ☐ FT CITY COURSE — SPRING 1995, LONDON. — £432 + 17½% VAT (£480 + VAT Full Price)
- ☐ WORLD GOLD — JUNE 19 & 20 1995, LUGANO — £648 + 17½% VAT (£720 + VAT Full Price)

ENERGY & UTILITIES
- ☐ WORLD ELECTRICITY — NOVEMBER 7 & 8 1994, LONDON — £685 + 17½% VAT
- ☐ NINTH EUROPEAN PETROLEUM & GAS CONFERENCE — NOVEMBER 15 & 16 1994, AMSTERDAM — £660 + 17½% VAT.
- ☐ PETROCHEMICAL INDUSTRY — NOVEMBER 21 & 22 1994, LONDON — £660 + 17½% VAT
- ☐ WORLD GAS — FEBRUARY 1995, LONDON — £612 + 17½% VAT (£680 + VAT Full Price)
- ☐ THE EUROPEAN WATER INDUSTRY — MARCH 1995, LONDON — £612 + 17½% VAT (£680 + VAT Full Price)
- ☐ ASIAN ELECTRICITY — APRIL 1995, HONG KONG — £648 + 17½% VAT (£720 + VAT Full Price)
- ☐ NORTH SEA OIL & GAS — JULY 1995, LONDON — £612 + 17½% VAT (£680 + VAT Full Price)

WORLDWIDE BUSINESS
- ☐ INDIA'S ECONOMIC RENAISSANCE — SPRING 1995, NEW DELHI — £750 + 17½% VAT
- ☐ DOING BUSINESS WITH SPAIN — NOVEMBER 23 & 24 1994, MADRID — £695 + 17½% VAT
- ☐ SOUTH AFRICA — SPRING 1995, CAPETOWN — £765 + 17½% VAT (£850 + VAT Full Price)
- ☐ NORWAY — AUTUMN 1995, LONDON — £612 + 17½% VAT (£680 + VAT Full Price)

EASTERN EUROPE
- ☐ DOING BUSINESS WITH HUNGARY — NOVEMBER 14 & 15 1994, BUDAPEST — £850 + 17½% VAT
- ☐ POLAND – INDUSTRIAL AND INFRASTRUCTURE PROJECTS IN THE MARKET ECONOMY — DECEMBER 12 & 13 1994, WARSAW. — £720 + 17½% VAT
- ☐ DOING BUSINESS WITH THE CZECH REPUBLIC — JUNE 1995, PRAGUE — £765 + 17½% VAT (£850 + VAT Full Price)

COMMUNICATIONS
- ☐ WORLD MOBILE COMMUNICATIONS — OCTOBER 17 & 18 1994, LONDON — £660 + 17½% VAT
- ☐ WORLD TELECOMMUNICATIONS — DECEMBER 6 & 7 1994, LONDON — £680 + 17½% VAT
- ☐ INTERCONNECTION — FEBRUARY 8 1995, LONDON — £346.50 + 17½% VAT (£385 + VAT Full Price)
- ☐ CABLE, SATELLITE AND NEW MEDIA — FEBRUARY 27 & 28 1995, LONDON — £612 + 17½% VAT (£680 + VAT Full Price)
- ☐ TELECOMMUNICATIONS IN THE ASIA PACIFIC — APRIL 1995, HONG KONG. — £648 + 17½% VAT (£720 + VAT Full Price)
- ☐ EUROPEAN TELECOMMUNICATIONS — JUNE 1995, LISBON — £648 + 17½% VAT (£720 + VAT Full Price)
- ☐ MULTIMEDIA IN PUBLISHING — MAY 1995, LONDON — £612 + 17½% VAT (£680 + VAT Full Price)

CONSUMER/MISCELLANEOUS
- ☐ INVESTMENT OPPORTUNITIES IN SOCIAL HOUSING — JANUARY 1995, LONDON — £346.50 + 17½% VAT (£385 + VAT Full Price)
- ☐ WORLD STEEL INDUSTRY — MARCH 1995, LONDON — £612 + 17½% VAT (£680 + VAT Full Price)
- ☐ FOOD & DRINK — MARCH 1995, LONDON — £612 + 17½% VAT (£680 + VAT Full Price)
- ☐ INTERNATIONAL PACKAGING AND THE ENVIRONMENT — APRIL 1995, LONDON — £612 + 17½% VAT (£680 + VAT Full Price)
- ☐ POSTAL PRIVATISATION — Date to be Advised

SPEAKERS PAPERS – £230 per set

Please tick below the speakers' papers from past conferences you would like, and enclose payment in one of the forms outlined below.

- ☐ International Packaging and the Environment — October 1993, London
- ☐ After the Recession - World Commercial Aviation at the Crossroads — November 1993, Dubai
- ☐ World Electricity — November 1993, London
- ☐ The Fifth FT Petrochemicals Conference - Global Prospects Beyond the Recession — November 1993, London
- ☐ The Economics of Rail Privatisation - Opportunities for the Private Sector — November 1993, London
- ☐ Doing Business with Spain - The Economic Challenge of a New Government — December 1993, Madrid
- ☐ Pensions - A Time for Change — December 1993, London
- ☐ World Telecommunications — December 1993, London
- ☐ The Outlook for Natural Gas in the 1990s and Beyond - Global Prospects Beyond the Recession — December 1993, Vienna
- ☐ Resource Management in the Public Sector — February 1994, London
- ☐ Cable and Satellite Broadcasting — February 1994, London
- ☐ Commercial Aviation in the Asia-Pacific Region - Expansion, Opportunities and Constraints — February 1994, Singapore
- ☐ London Motor Conference — February 1994, London
- ☐ Asia-Pacific Telecommunications - A Magnet for Foreign Investment — March 1994, Hong Kong
- ☐ The European Water Industry — March 1994, London
- ☐ Doing Business with Poland — March 1994, Warsaw
- ☐ World Pharmaceuticals — March 1994, London
- ☐ Asian Electricity — April 1994, Hong Kong
- ☐ Asian Capital Markets — April 1994, London
- ☐ World Pulp and Paper — May 1994, London
- ☐ World Gold — June 1994, London
- ☐ North Sea Oil & Gas — June 1994, London
- ☐ Transport in Europe - Creating and Financing the Infrastructure of the Future — June 1994, London
- ☐ European Telecommunications - Responding to Change — June 1994, London
- ☐ The Structure and Evolution of the International Equity Markets — July 1994, London
- ☐ Multimedia - Vision and Reality — July 1994, London
- ☐ World Aerospace and Air Transport The Next Millennium — September 1994, London
- ☐ Nuclear Industry - Into the 21st Century! — September 1994, London
- ☐ Retailing Towards 2000 - Combining Vision and Efficiency — September 1994, London
- ☐ International Banking — September 1994, Madrid
- ☐ International Infrastructure Finance - Build - Operate - Transfer (BOT) — October 1994, London

INFORMATION

TIMES, DATES AND VENUE
The conferences will be held on the dates in the locations indicated. The Venues will be confirmed to you by return. Generally, conferences commence at 09.00 and delegates are invited to register from 08.00. The language of the conferences will be English.

FEES
The registration fee is payable in advance and includes the cost of all refreshments, cocktails, lunches, documents and copies of speakers papers.
For conferences being held in the UK, all registrants are liable to pay Value Added Tax. The fees do not include accommodation.

Registrations should be sent to: Financial Times Conferences, PO Box 3651, London SW12 8PH, UK
Tel: (+44) 181 673 9000 Fax. (+44) 181 673 1335

CANCELLATION POLICY
Cancellations must be received no later than 14 days before the start of the conference and will be subject to a 25% cancellation fee unless a substitute delegate is offered. After this date, the full registration fee will apply. However, substitutions will still be accepted.

ACCOMMODATION
A limited amount of accommodation at special rates is normally available.

To: Financial Times Conferences,
PO Box 3651, London SW12 8PH, UK.
Tel: (+44) 181 673 9000 Fax: (+44) 181 673 1335

Mr/Mrs/Ms/Dr/Other (delete as appropriate)
First Name
Surname
Position
Department
Company/Organisation

Address
City
Postcode Country
Tel (switchboard) (direct line)
Fax Type of Business

☐ Please reserve me ___ place(s) at the conference(s) indicated above. I include payment of £______
☐ Please send me the speakers' papers listed above. I include payment of £______
☐ Please send me further information on conferences indicated above.

Payment
☐ Cheque enclosed made payable to: *Financial Times Conferences*
☐ Bank transfer to: Financial Times Conferences, Midland Bank plc, City of London Corporate Office, Account Number 71009095, Sort code 40-02-50 International SWIFT Code: MIDLGB22 *(Please quote delegate name as reference)*
☐ Please charge my AMEX/Mastercard/Visa with £______

Card No ☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐

Expiry Date______

Signature of Cardholder ______

I am registering for a 1995 conference and would like, as my free gift
☐ Black Leather Billfold Wallet
☐ Black Leather Computer Disk Wallet

I confirm that I have read and agree to the conditions of registration as specified in the information section.

Data Protection Act. The information you provide will be held by us and may be used to keep you informed of FT products and used by other selected quality companies for mailing purposes.

Signature ______ Date ______

Subject: **TELECOMMUNICATIONS IN THE ASIA PACIFIC**
Location: **HONG KONG**
Date: **APRIL 1995**

The Asia-Pacific region is the world's most dynamic telecommunications market, and an increasingly powerful magnet for western investment.

The region's more advanced countries - particularly Japan, Hong Kong and Australia - are leading the way in the introduction of competition to fixed and mobile services. Privatisation has begun in earnest, led by New Zealand and Singapore, and the region's leading operators are fully engaged in the formation of international alliances set to transform the industry worldwide.

The region's "emerging market" countries are also liberalising rapidly, so as to involve overseas investors and operators in the rapid expansion of basic services. A host of innovative relationships are developing - notably, build, operate and transfer ventures.

China dominates the horizon. With less than one phone line per one hundred people and ambitious plans to install more than 60m lines by the turn of the century, China is potentially the world's single largest telecoms growth market. If, as expected, liberalisation of network operation takes place in the near future, the scope for western involvement in the country's telecommunications development will be enormous.

The conference will explore these and other aspects of the region's telecoms industry with leading analysts, brokers, network operators, regulators and equipment suppliers.

Speakers list has yet to be finalised.

In association with FT Asia-Pacific Telecoms Analyst.

Subject: **EUROPEAN TELECOMMUNICATIONS**
Location: **LISBON**
Date: **JUNE 1995**

The European telecommunications industry is in a state of rapid transition and change. Privatisation and liberalisation are advancing rapidly - and far faster than foreseen even a year ago. Demand for mobile communications is racing ahead. Technology continues to expand the realm of the possible almost month by month.

Yet the future shape of the industry remains unclear. The pace of liberalisation is still problematic. The mobile phone could be a mass consumer product next year - or next century depending on the forecast. The future shape of the equipment supply industry in a regime of liberalised and privatised service operators is a matter for conjecture and the regulatory framework also remains undecided.

This annual conference will examine future trends in all the main sectors of the European telecoms industry. With presentations from senior executives, analysts and officials, it offers insights into the current state of play and thinking about future prospects across the continent.

Speakers list has yet to be finalised.

In association with FT Telecom Markets.

Subject: **MULTIMEDIA IN PUBLISHING – OPPORTUNITY OR THREAT?**
Location: **LONDON**
Date: **MAY 1995**

Whether one believes the futuristic hype concerning multimedia or not, one thing is certain; that change will take place and new products will be developed which will directly impact on the publishing sector, it is just a matter of time.

A recent international survey carried out by the Financial Times Conferences and Touche Ross on the multimedia revolution showed that paradoxically information providers, despite being recognised as having most to gain from the opportunities opening up to companies,were the least aware and least prepared of all the industry sectors analysed. The survey concluded that without action, publishing companies are among the most likely to be adversely affected by new inter-active multimedia products. Is your company prepared?

Speakers list has yet to be finalised.

In association with FT New Media Markets.

CONSUMER/ MISCELLANEOUS

Subject: **INVESTMENT OPPORTUNITIES IN SOCIAL HOUSING**
Location: **LONDON**
Date: **JANUARY 1995**

Recent announcements of further cut-backs in Government grants to the UK Housing Associations, as well as the significant expansion plans of the sector to include the management of local council housing stock, will accelerate the search for new sources of financing which has seen the housing associations turn increasingly to the City. The Housing Associations in the UK have, for instance, emerged as regular issuers in the sterling bond markets and increasingly, investors are being encouraged to take equity stakes in what is being seen as an important new sector in the economy. The recent award of credit ratings to the sector and the announcement of a revision of restriction on the use of derivatives will advance the growing link between the Housing Associations and City institutions.

The discipline of private sector financing meanwhile, is setting new standards and requirements for new management skills such as treasury management and public relations for housing association management. This Financial Times conference will bring professionals together with the management teams of the associations with the aim of increasing understanding to the mutal advantage of both...

Speakers list has yet to be finalised.

In association with The Housing Corporation.

Subject: **WORLD STEEL INDUSTRY**
Location: **LONDON**
Date: **MARCH 1995**

The Financial Times in association with CRU International Ltd., is holding its first conference on the world steel industry. The past three years have been a tough period for virtually all the world's steelmakers and, perhaps, inevitably have induced a "bunker mentality" where survival is the main aim. Behind the scenes, however, development of steel as a product has continued apace but has received little attention in the face of the highly-political and often controversial attempts to sort out the industry's overcapacity problems. The industry now recognises that it needs to come out of its bunker and improve steel's competitive position by propagating awareness of the intrinsic dynamism of a material that is often taken for granted. The two-day conference will bring together experts from the industry to look at restructuring and the growing internationalisation of steel and to shed light on some of the key questions. How many more mergers will there be? What are the benefits? What are the prospects for increased private ownership of the industry? How competitive is the mini-mill? Strategies for new markets and new products will also be assessed.

Speakers list has yet to be finalised.

In association with CRU International

Subject: **FOOD & DRINK**
Location: **LONDON**
Date: **MARCH 1995**

The food and drink industries worldwide are being radically reshaped as manufacturers expand internationally in search of faster growth and improved scale. The need to extend brand franchises, the growing power of the retail trade, changing consumer tastes and the emergence of new markets in developing countries are all combining to accelerate the pace of change.

Some industry sectors are already highly concentrated. But in many others there is still scope for further consolidation, particularly in Europe, where the advent of the single market has added fresh impetus. Companies with purely national brands risk being squeezed between powerful multinational manufacturers and the own-label offerings of retailers, many of which are also expanding across frontiers.

Against this back-drop the conference will examine and debate current key issues and developments in this major industry sector.

Speakers list has yet to be finalised.

Subject: **INTERNATIONAL PACKAGING AND THE ENVIRONMENT**
Location: **LONDON**
Date: **APRIL 1995**

As consumer awareness of environmental problems grew in the 1980s, packaging became a prime target for politicians and green campaigners thanks to its high visibility and associations with a "throw-away" culture.

Now the packaging industry faces a serious threat from stringent - and often incompatible - legislation in different countries.

Packaging companies have responded by putting environmental considerations at the top of their agenda, and are constantly seeking to reduce packaging material and make it easier to recover or recycle.

This well respected bi-ennial event will tackle these and other environmental issues affecting the international packaging industry.

Speakers list has yet to be finalised.

Subject: **POSTAL PRIVATISATION**
Location: **LONDON**
Date: **TBA – Subject to Government Announcement**

The Financial Times' second conference on the postal industry is timed after the consultation period for the Government's Green Paper for the future of the Post Office and the Sell-off choices:

Option 1
- The Government retaining 49 percent of Royal Mail and of Parcelforce.
- The sale on preferential terms of about 10 percent of the shares to post office employees and sub-postmasters.
- The sale of the remainder of the company in a public flotation.

Option 2
- Total privatisation: a 100% flotation

Option 3
- Continued state control : the status quo but with greater commercial freedom.

The problems and opportunities of postal privatisation will be looked at against a background of great change in the postal industry. Fax machines and couriers are already making their presence felt.

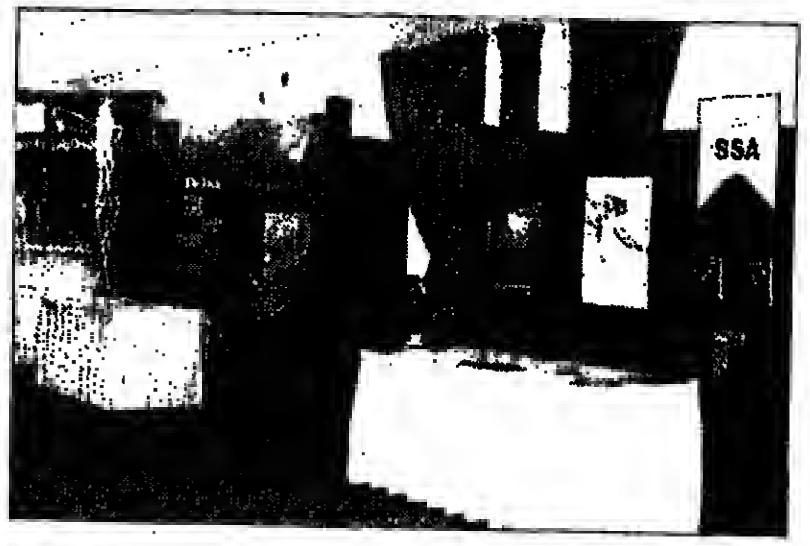
Senior speakers will give an analysis of the Dutch experience and assess the opportunities in the post office market as well as the impact of new technologies. Protecting the consumer and meeting the needs of business will also be addressed.

Speakers list has yet to be finalised.

Marketing to an exclusive audience

Talk to any satisfied conference delegate or speaker and the theme is always the same. The hallmark of a successful event lies not only in the exchange of relevant and topical information but, equally, in the opportunity to make important contacts.

Businesses outside the industry are increasingly taking advantage of the same opportunity to widen their network. Sponsorship of conference social events and exhibition stands offers them the ideal environment in which to bypass the usually formal and time wasting routes to the decision makers they want to meet.



Mrs. Lynette Northey, sponsorship co-ordinator for FT Conferences, believes that the soft sell promotion which businesses use at FT Conferences is the right approach for the less aggressive marketplace of the '90s. "The conference atmosphere is very sophisticated. People don't feel threatened if they are making contacts in a relaxed environment" she points out. "It is an "impressurised" selling stage. The hosts who sponsor our lunches and cocktail parties don't give any big sales pitch and there are no banners or balloons on the stands."

One sponsor summed up the advantages which most echo. "Taking an exhibition stand gave me the opportunity to talk to top level, high profile individuals who I would otherwise find great difficulty in reaching" he admitted.

At each FT conference, every speaker and many of the delegates are amongst the leaders in their field, so sponsorship is a cost and time effective way of putting across a business message at the highest level.

A receptive audience

"Businesses use the opportunity in different ways" Mrs. Northey finds. "For some it is a low key door opener. Their objective might be to make contact with one or two individuals with whom they hope to do business.

For others, it is the opportunity to partner the FT in a business venture and in so doing, to reinforce their own image as providers of a quality service or product. The FT is so strongly associated with quality in people's minds that any business partner shares in that image."

Hotel Inter-Continental, London – Venue for many UK Conferences

The sponsorship marketing tool comes in a number of different sizes but each can be an effective means of clearing a path to the target audience. Either an advertisement or an insert into the Delegate Pack is not only part of the information the delegates receive on registration, but also part of a reference they would use after the event. Hosting one of the social events, a lunch or cocktail party during the conference, gives a more immediate chance to make an impact.

"An amusing, well-planned welcome speech can get across the corporate message more effectively than any hard sales pitch" Mrs Northey claims. "The host speaks to an audience which is already receptive and open to what he has to say. A company can reinforce the message by distributing their company literature as well. There are not too many other business situations where you can make your company known to a receptive audience of such high quality. As a marketing tool, this kind of sponsorship really works."

See page 4 for more information.

The importance of knowledge...

"Knowledge is the source of stronger competitive advantage, knowledge is more important than machinery, the challenge is to create and expand it."

José Ignacio Lopez de Arriortua, Member of the Board, Volkswagen
Speaker at Business with Spain Conference, Madrid, Dec 1993

QUALITY DELEGATES MEAN QUALITY CONTACTS

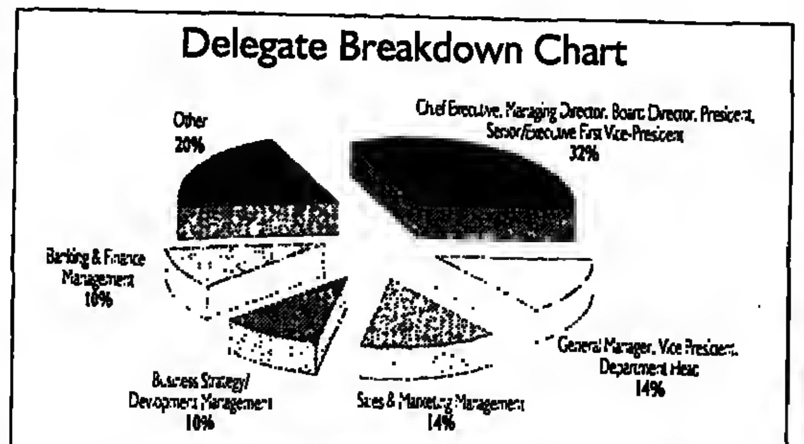
Dialogue is the name of the conference game. The opportunity to meet, during a concentrated period of a day or two, many of the leaders and peers within their own industry is as important to conference participants as the quality of the information they exchange.

Mr. Tim Kingham, Managing Director of FT Conferences, explains. "For many delegates, a conference is an outstanding opportunity to think about overall strategy and to look at the direction in which their industry is going. That kind of thinking is best done away from the office, in a creative environment.

"A lot of senior managers tend to become isolated. One of the key advantages of a conference is that participants can bounce ideas off each other. They often leave FT Conferences reassured that others within the industry are thinking along similar lines about similar problems."

For top level executives based in different countries, a conference can provide the ideal opportunity to set up informal meetings which might otherwise take weeks of arranging through layers of protective office bureaucracy.

At a recent FT Conference on telecommunications, the head of a major UK telecommunications company admitted to Mr. Kingham that he had been trying to arrange a meeting with his counterpart in an American company. At the FT Conference, they were able to schedule a meeting to take place in the US shortly afterwards.



A breakdown by job title of all attendees at FT Conferences in the last 12 months

Dialogue between politicians or policy makers and industry leaders whose companies have to work within a particular legislative framework can often be a fruitful means of ironing out potential problems before they arise. The FT Conference platform has long been recognised by such speakers as an excellent opportunity to give a more rounded explanation of their policies than can be gained simply by reading the statute book.

The advantages of this dialogue are equally apparent to delegates who have the means of airing a viewpoint and gaining personal access to people with whom, under ordinary circumstances, they are unlikely to be able to arrange a face-to-face meeting.

This year, continuing the tradition established throughout the 24 years since FT Conferences began, politicians and policy makers from the UK and a number of foreign countries have addressed conference delegates.

In March, The Rt Hon Virginia Bottomley, UK Secretary of State of Health, addressed the World Pharma-ceuticals Conference on Issues and policies which are critical to the industry. The Asian Electricity Conference in April gave a platform to a number of top level Asian politicians and industry leaders including a representative from Pakistan's Ministry of Water and Power and policy makers from Hong Kong, Japan, Thailand, Singapore and Australia.

Delegates at June's North Sea Oil & Gas Conference were able to hear and question Mr Tim Eggar MP, the UK's Minister for Industry and Energy. Mr Gertjan Lankhorst from the Ministry of Economic Affairs in the Netherlands and Mr Dag Omre of Norway's Royal Ministry of Industry and Energy. Other speakers were officers at the highest level within the European Commission and a number of leading oil exploration and production companies.

The benefits of gathering together at one time and place so many key players in one industry are experienced at each FT Conference, whatever its theme. Being able to bring together such high calibre participants is a measure of the excellent reputation which FT Conferences has established during its 24 year history.

Marketing Opportunities for 1994/95

In response to requests from companies to bring their products and services to the notice of our international audiences of key senior decision makers, we have initiated a programme of marketing opportunities.

These opportunities include: sponsorship of cocktail receptions and lunches, exhibition stands, advertisements, insertions and distributions of promotional literature. FT Conferences will also consider other sponsorship opportunities.

Companies which have previously taken advantage of these opportunities are:

- 3i
- Boston Consulting Group
- British Nuclear Forum
- Bull Information Systems
- Credit Lyonnais Rouse
- Coopers & Lybrand
- D G Gardner & Co Ltd
- Digital Equipment Corporation
- Enron Development Corporation
- Ernst & Young
- Federicks Michael & Co
- Hoskyns Group
- International Securities Market Association
- Logica
- London Bullion Market Association
- Merrill Lynch
- National Grid Company
- National Rivers Authority
- Norsk Hydro
- PA Consulting Group
- Rolls-Royce

SPONSORSHIP

It is now possible for reputable international companies to involve themselves in overall sponsorship of FT Conferences. An individually tailored package can be built-up including the opportunities mentioned below, with the added advantage of having your company branded (supported by X) on all brochures, advertisements and other marketing material plus on all conference documentation.

SPONSORED FUNCTIONS

COCKTAIL RECEPTION

90-120 minute reception held the night before the conference or at the close of conference sessions on the first day. Drinks and canapes are served.

Sponsorship of a cocktail reception includes:

- acknowledgement in the final conference programme
- one free delegate place
- opportunity to produce official invitation cards with company name and logo
- opportunity for chief executive or other senior company representative to give 3 minute welcome address, subject to approval
- display of publicity material within the cocktail reception area, subject to approval
- opportunity to invite additional personnel from the sponsoring company to attend the reception

CONFERENCE LUNCH

90-120 minute lunch held within the conference venue. Drinks followed by a 3-course lunch with wine are served to all attendees.

Sponsorship of a conference lunch includes:

- acknowledgement in final conference programme
- two free delegate places
- opportunity to produce menu cards with company name and logo
- display of publicity material within the registration area, subject to approval
- opportunity to invite additional personnel from the sponsoring company to attend the lunch

EXHIBITION STANDS

Exhibition stands are set up in the area adjoining the conference room and registration foyer where all refreshment breaks take place.

The stands are shell-schemes, made of flame-proof black nylon loop panels and connected by colour co-ordinated steel up-rights and cross members. Each panel is 2.1 metres high and .945 metres wide.

All stands, excluding the graphic panel, include a display table, chairs, electricity multiblocks, literature racks and spotlights. Alternatively companies can bring their own display stands.

ADVERTISING

ADVERTISEMENTS

Colour or black and white advertisements are accepted in the conference documentation given to all attendees upon their arrival at the conference.

The advertisements appear on the back of the four divider boards within the conference folder facing printed matter.

The dividers are marked: Programme, Speaker Biographies, Delegate List, Speakers Papers

INSERTIONS

Promotional literature, subject to approval, is accepted in the conference documentation.

The promotional leaflets or brochures can be hole-punched into the conference folder or slotted into the plastic pocket located on the inside front cover of the folder.

DISTRIBUTIONS

Promotional literature or publications, subject to approval, are distributed to all attendees within the conference room during refreshment breaks.

There is only one distribution per refreshment break thereby ensuring maximum exposure for each distribution. Any literature left over after distribution are displayed around the conference area but not within the conference room.

JOINT INDUSTRY SURVEY

There are opportunities open to companies interested in joining us in developing industry surveys connected with our conferences.

For further information and costs please call Mrs Lynette Northey on (+44) 171-814 9770.

In early 1995, the United States will witness the biggest ever auction for cellular telephone licences. The US government is hoping to raise more than $10 billion in personal communications services licences. In the run-up to the auctions, existing cellular operators are merging their regional cellular operations to create national businesses.

The conference examines the major worldwide trends in mobile communications. It offers insights into the current state of play and thinking about the trends that will shape the industry in the years to come.

Speakers

Mr Malcolm H Ross, Senior Consultant, Arthur D Little International
Mr Neil McCartney, Editor, FT Mobile Communications
Mr Steve Rowley, Director, Cellnet
Mr John MacDonald, European Business Manager, Retail, Motorola ECSD
Ms Liso Gernon, Group Director of Marketing, Hutchison Telecommunications (UK) Limited
Mr W-Rüdiger Struck, Managing Director, Marketing & Sales, E-Plus Mobilfunk GmbH
Mr Charles Wigoder, Managing Director, The Peoples Phone Company Plc
Dr Joachim Dreyer, Chairman of the Board, Debitel Kommunikationstechnik
Mr Barry A Kaplan, Vice President, Goldman Sachs & Co
Mr Vern Tyerman, Vice President Europe, AirTouch International
Mr Mark Bell, Vice President of Operations in Central & Eastern Europe - Wireless, US WEST International, Inc
Mr John Jarvis, Chief Executive Officer, RAM Mobile Data Ltd
Mr Peter Luff, Assistant Vice President, Product Marketing, Public Cordless Systems, Northern Telecom
Mr Martin Heath, Principal Consultant, KPMG Peat Marwick
Mr Armin Silberhorn, Head of Division for Standardisation and Type Approval, Ministry of Posts and Telecommunications, Germany
Dr Keith Baughan, Vice President – Research, Nokia Mobile Phones

In association with FT Mobile Communications

Subject: **WORLD TELECOMMUNICATIONS**
Location: **LONDON**
Date: **DECEMBER 6 & 7 1994**

The international telecommunications industry is in a state little short of revolution. Privatisation liberalisation, technological advance and rising social and political expectations are combining to accelerate the pace of change.

Five years from now, in all likelihood, most of the world's leading telecoms operators will be in the private sector. Most of the world's major markets will be open to competition in the provision of telecoms services. International alliances and joint ventures – even mergers between existing PTTs – will be a way of life.

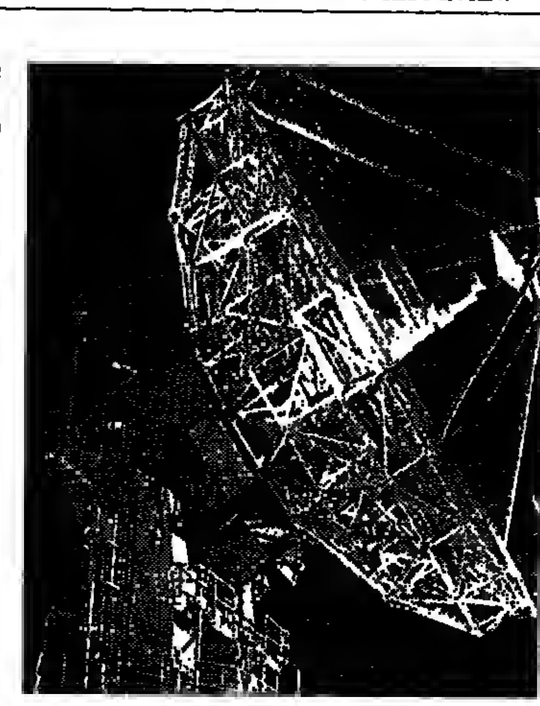
The developed world will be in the throes of constructing "superhighways". Operators, manufacturers and service providers from outside the traditional telecoms arena will be struggling to sell an array of new broadband business, entertainment and interactive services.

In the developing world, line growth will be accelerating at unprecedented speed. Mobile communications will be at the centre of the industry, attracting a mass market and widely replacing the traditional telephony function of a fixed line.

The conference addresses each of these trends in an international context. Speakers include senior politicians and regulators, chief executives of leading telecoms companies from all sectors of the industry, and leading analysts.

Speakers:

Sir Donald Maitland GCMG, OBE, Chairman, ThinkNet Commission (1989-), Chairman, Independent Commission for Worldwide Telecommunications Development (1983-85)



Dr Andrew Adonis, Telecommunications Correspondent, Financial Times
Mr Paolo Guidi, President, Sprint International
Mr Carl-Friedrich Meißner, Member of the Management Board, Deutsche Bundespost Telekom
Sir Iain Vallance, Chairman, BT
The Rt Hon Lord Young of Graffham, Executive Chairman, Cable and Wireless plc
Dr Martin Bangemann, Member, European Commission
Dr Michael Nelson, Special Assistant for Information Technology, The Office of Science and Technology Policy, US
The Honorable Andrew C Barrett, Commissioner, Federal Communications Commission
Mr Zhao Weichen, Chairman, China United Telecommunications Corporation (China Unicom)
Mr John Crook, Strategic Issues Manager, Telecom New Zealand Limited
Mr Robert B Morris III, Managing Director, International Equity Research, Goldman Sachs International
Dr Hans Baur, Member of the Board, Siemens AG
Dr Bjorn Wellenius, Telecommunications Adviser, The World Bank
Dr David Cleevely, Managing Director, Analysys Limited
Mr Neil McCartney, Editor, FT Mobile Communications
Dr Edward F Staiano, President & General Manager, General Systems Sector Motorola Inc
Mr Don Cruickshank, Director General, Office of Telecommunications (Oftel)
Mr Noboru Miyawaki, Director, Research and Development, Executive Board Director, NTT

In association with FT Telecom Markets

Subject: **INTERCONNECTION – THE EVOLVING UK PROGRAMME AND ITS INTERNATIONAL CONTEXT**
Location: **LONDON**
Date: **FEBRUARY 8 1995**

Interconnection with British Telecom is uppermost in many operators' minds. It is a complex area. The conference on interconnection, arranged in association with Oftel, will look at the evolving UK programme and its international context.

After an opening address by Don Cruickshank, Director General of Oftel, the Forum will bring together directors from Oftel to examine competition issues, accounting separation and the longer term issues of universal service obligation, access deficit charges, alternative costing and charging structures. Other access issues such as numbering and portability will be addressed as well as technical barriers.

Speakers from the European Commission, Department of Trade and Industry and the US Federal Communications Commission will give their views on interconnection and infrastructure competition.

Speakers:

Mr Don Cruickshank, Director General, Oftel (Office of Telecommunications)
Ms Ann Taylor, Director of Competition, Oftel
Mr Alan Bell, Economic Director, Oftel
Mr Pat Sellers, Director of Licence Compliance, Oftel
Mr Peter Walker, Technical Director, Oftel
Mr Nicholas Argyris, Head of Directorate A, (Telecoms Postal Services), European Commission, DG XIII
Mr Scott B Harris, Director of the Office of International Communications, Federal Communications Commission
Mr WI Mcintyre CB, Head of Telecommunications, Division, Department of Trade and Industry
Mr Jon Freese, Director General, Oftel, The National Post and Telecom Agency

Subject: **CABLE, SATELLITE AND NEW MEDIA**
Location: **LONDON**
Date: **FEBRUARY 27 & 28 1995**

This will be the fourteenth conference in the popular Cable & Satellite Broadcasting series. The '95 event will take as its theme 'Cable, Satellite & New Media'.

Never has interest in the media, in all its many forms, been greater. In the US, the Clinton administration pursues its vision of an electronic superhighway and corporations try to turn the theory of the convergence of computers, telecommunications and entertainment into new business alliances and mergers. In Europe, the Commission has identified the sector as one of the four most promising prospects for growth - likely to account for as much as 5 percent of world gross domestic product by the turn of the century. Everywhere new channels are being launched and the potential of new technology assessed. The conference will try to separate the hype from reality. It will focus on satellite television and the growth of cable television, backed by North American money in the UK and based on a dual stream of revenue from both entertainment and telephone services.

The new technical opportunities will be reviewed and the prospects for many new channels through digital terrestrial television.

Despite all the interest in the new services and new technology, public service broadcasters are fighting back and indeed in the US there are plans to launch two new networks. These developments will be addressed during the two days.

Under the chairmanship of Lord Thomson, former Chairman of the Independent Broadcasting Authority, and Ray Snoddy, the Financial Times Media Correspondent, the following speakers will be taking part:

Speakers:

The Rt Hon Lord Thomson of Monifieth, Former Chairman of the Independent Broadcasting Authority
Mr Robert Phillis, Deputy Director General, British Broadcasting Corporation
Dr John R Forrest, Chief Executive, National Transcommunications Limited
Mr Jon Davey, Director of Cable & Satellite, Independent Television Commission
Mr Ray Snoddy, Media Correspondent, Financial Times
Mr Neil Blackley, Media Analyst, Goldman Sachs
Dr Alon Rudge OBE, Managing Director, Development & Procurement, BT
Mr Stephen Davidson, Executive Vice President and Chief Financial Officer, TeleWest Communications Group Limited
Sir David English, Chairman & Editor-in-Chief, Associated Newspapers Ltd
Mr Mark Wood, Editor-in-Chief, Reuters Holdings PLC
Mr Richard Wolfe, Chief Executive, Landmark Travel Channel Ltd
Dr Helmut Thoma, President, RTL Television
Mr Andy Allan, Chief Executive, Carlton UK Television

In association with FT New Media Markets

He continued "We have taken precautions to ensure that investors have a maximum return for their investments. Nationalisation was a fundamental part of ANC policy. But in order to attract investments it was clear to us that we had to make a very significant shift; if we did not, we would not get investments. There will be no expropriation of foreign investments. Investors will be free to repatriate dividends and if an investor sells his business, he will be able to export those proceeds. We believe in keeping our tax rate low so as to attract foreign investment. That's a decided advantage".

Timed to coincide with the Government's first full budget which is due to include details of reforms, privatisation, potential investment opportunities and incentives, this high profile conference will give international businessmen a keen insight into the potential offered by the new South Africa and an opportunity to meet senior South African businessmen and officials.

Speakers list has yet to be finalised

In association with FT Southern Africa Business Intelligence

Subject: **NORWAY - OPPORTUNITIES FOR TRADE AND INVESTMENT***

Location: **LONDON**

Date: **AUTUMN 1995**

Norway's entry into the European Community in January looks almost certain and once this step has been taken opportunities for trading with and investing in Norway will develop.

This two day conference, held in association with the Norwegian British Chamber of Commerce will take an in-depth look at these opportunities with an overall objective of fostering links between Norwegian enterprises and companies from other European countries. Speakers will include senior Norwegian government ministers and the heads of Norway's largest enterprises.

Speakers list has yet to be finalised

EASTERN EUROPE

Subject: **DOING BUSINESS WITH HUNGARY – INVESTMENT PROSPECTS RE-APPRAISED**

Location: **BUDAPEST**

Date: **NOVEMBER 14 & 15 1994**

The four years since the fall of communism have been challenging ones for Hungary. That was true across all of eastern Europe, but Hungary has contended with its own unique trauma. The spotlight of international attention has shifted. The country began the decade as eastern Europe's economic pioneer. But Hungary's hesitant economic growth has paled beside that of Poland, and large economic imbalances compare poorly with the Czech Republic's financial stability.

It may now be time, however, for investors to look afresh at Hungary. The smooth transition of power after the May elections underlined Hungary's remarkable political steadiness. The Socialist-led government appears prepared to confront excessive social spending that its conservative predecessor feared to touch. Firm action on the budget deficit will help Hungary meet its debt payments and free up resources for private-sector investment.

Hungary has, ever since reforms began, been relatively welcoming towards foreign investment. The new administration is proving ever warmer. Less beholden to the nationalist constituency than its conservative predecessor, ministers say they are ready to see outside control even of companies as strategic as utilities and banks.

Once Hungary completes privatisation and stabilises the economy, the country's economic revival looks unstoppable. Manufacturers bought and transformed by western multinationals are potential world beaters. Automobile manufacturers setting up greenfield plants think productivity will settle above western levels. The infrastructure is improving dramatically. Membership of the European Union would further add to Hungary's attractions as a manufacturing base. Hungary may yet enjoy another spell in the spotlight.

Speakers:

Dr Gyula Horn, Prime Minister of Hungary
Mr László Békesi, Minister of Finance, Hungary
Mr Peter Akos Bod, President, National Bank of Hungary
Professor Béla Kádár, Former Minister of International Economic Relations (IER), Chairman, Parliamentary Committee on the Budget
Professor Anders Åslund, Senior Associate, The Carnegie Endowment for International Peace
Professor László Csaba, Senior Economist, Kopint-Datorg Rt
Mr András Kereszty, Editor-in-Chief, Népszava
Dr János Martonyi, Partner, Baker & McKenzie, Former State Secretary, Ministry of Foreign Affairs, Hungary
Mr Andrew Rogerson, Resident Representative and Manager, Central European Services, The World Bank, Hungary
Dr György Surányi, Managing Director, Central-European International Bank Ltd
Dr Lajos Bokros, Chairman & Chief Executive Officer, Budapest Bank Ltd, Chairman of the Council, Budapest Stock Exchange
Dr László Láng, Chairman, Central European Research Centre, Inc
Mr Ferenc Bartha, Government Commissioner for Privatisation, Hungary
Dr Lajos Csepi, General Manager, State Holding Company Rt
Mr George Wadin, Director, International Finance J Henry Schroder Wagg & Co Limited
Mr László Pál, Minister for Industry and Trade, Hungary
Dr Mark van Lillienskiold, Executive Director - Member of the Operating Committee, Hungarian Telecommunications Company Limited (MATAV)
Mr János Bartho, Chief Executive Officer, CS First Boston (Budapest) Rt
Mr András Simor, Managing Director, Creditanstalt Securities Ltd
Dr István Orbán, Chief Executive Officer, EGIS Pharmaceuticals Ltd
Mr Gábor Bojár, President, Graphisoft R & D Software Development Company
Mr Ernst Hofmann, Managing Director, Opel Hungary
Dr Károly Lotz, Minister of Transport, Communication and Water Management, Hungary

Official Carrier – Lufthansa

Subject: **POLAND, MAJOR INDUSTRIAL AND INFRASTRUCTURE PROJECTS IN THE MARKET ECONOMY**

Location: **WARSAW**

Date: **DECEMBER 12 & 13 1994**

The quickening pace of economic growth in Poland, as throughout the former Eastern block countries, is placing enormous pressure on existing underdeveloped and underfunded infrastructure. Modernisation of industry and infrastructure, meanwhile, is a task that the current cash-strapped government can ill-afford to meet through traditional forms of centralised funding. Hungary has been the pioneer in attracting private finance for public projects through the successful completion of the financing of the M1-M15 Motorway network.

Poland is set to follow the trend with a major Government initiative to involve private domestic and foreign investors in the construction of a national road network at an estimated value of US$8.7bn. Opportunities of equal that amount will emerge for the construction of associated infrastructure along the planned networks. The Financial Times conference in association with the Institution of Civil Engineers [ICE] and the Ministry of Transport and Maritime Economy of Poland, will mark the commencement of the bidding process for these important projects with a major conference to explore the policy, financing, legal and project management issues involved in major projects in Poland.

Speakers list has yet to be finalised.

In association with The Institution of Civil Engineers

Subject: **DOING BUSINESS WITH THE CZECH REPUBLIC**

Location: **PRAGUE**

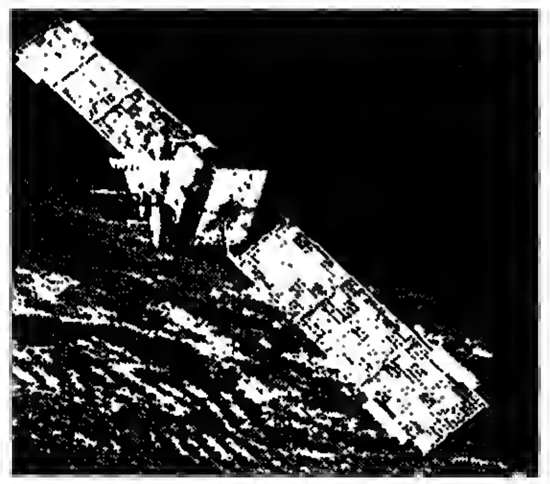
Date: **JUNE 1995**

The third in a series of conferences focusing on the potential for trade and investment with Eastern European countries. Following on from a highly successful meeting in Poland in March, 1994 and our conference in Hungary in November the spotlight falls on the Czech Republic.

Mr. Vladimir Dlouhy, the Minister for Trade and Industry, recently stated that in the short term the Czech Republic's high skills/low wage cost workforce and an under-valued currency were the economy's main assets. This combined with economic stability and a desire to be recognised as a country that produces high quality goods makes the Republic look an attractive place for investing, joint ventures and start-ups.

At this high profile forum, senior ministers, Czech and international businessmen, analysts, bankers and lawyers will assess the country's current and future potential.

Speakers list has yet to be finalised.



COMMUNICATIONS

Subject: **WORLD MOBILE COMMUNICATIONS**

Location: **LONDON**

Date: **OCTOBER 17 & 18 1994**

Mobile communications is taking centre stage in the worldwide explosion in telecommunications. There are more than 40 million subscribers worldwide of which roughly a half are in the United States and a quarter in Western Europe. The number of cellular telephone subscribers worldwide is growing at 40 per cent a year.

The explosive growth in the number of subscribers is due to the licensing of competing network operators, and the adoption of consumer marketing approaches. Most countries in Europe now have at least two cellular telephone operators. The European Commission – which published a green paper on mobile communications in April—is snapping at the heels of those member states which are delaying the award of second licences.

Marketing Opportunities for 1994/95

Signor Agnelli and Denis Healey in 1988

Some Speakers You May Have Met...

As organiser of around 40 conferences a year, FT Conferences invites more than 400 speakers to take the platform. Politicians, industry leaders and experts across a wide spectrum exchange their specialised knowledge with conference participants. All are leaders in their fields and all have an interesting viewpoint to impart.

Here are some who have spoken at FT Conferences in the past 12 months.
(Titles as at time of conference)

Tim Eggar MP
Minister for Energy, UK

Robert Ayling
Group Managing Director, British Airways

Louis Gallois
Chairman and Chief Executive Officer Aérospatiale

Dick Evans CBE
Chief Executive, British Aerospace

Serge Dassault
Chairman, Dassault Aviation

Christiane Scrivener
Member, The European Commission

Giorgio Garuzzo
Chief Operating Officer, Fiat

Robert Eaton
Chairman of the Board and Chief Executive Officer Chrysler Corporation

José Ignacio Lopez de Arriortua
Member of the Board, Volkswagen

Michel Carpentier
Director General DG XIII European Commission

Sir Iain Vallance
Chairman, BT

James Quello
Chairman, Federal Communications Commission, US

Pedro Solbes Mira
Minister of Economy & Finance, Spain

Sir Geoffrey Mulcahy
Chairman, Kingfisher

The Rt Hon Roger Freeman MP
Minister for Public Transport, UK

James Sherwood
President and Chief Executive Officer, Sea Containers

HH Sheikh Ahmed Bin Saeed Al Maktoum
President, CAA Dubai

Tan Sri Zalo Azraai
Chairman, Malaysia Airlines

Luis Angel Rojo
Governor, Banco de España

The Rt Hon William Waldegrave MP
Minister for Public Service and Science

Cedric Brown
Chief Executive, British Gas

Rem Ivanovitch Vjachirev
Chairman of the Board, Gazprom

Robert Phillis
Deputy Director General, BBC

Michael Grade
Chief Executive, Channel Four Television Corporation

Leslie Hill
Chairman and Chief Executive, Central Independent Television

James Ross
Chief Executive, Cable and Wireless

Waldemar Pawlak
Prime Minister of the Republic of Poland

The Rt Hon Sir Michael Palliser GCMG
Vice Chairman, Samuel Montagu & Company

Henry Wendt
Chairman, SmithKline Beecham

Dr Franz Humer
Chief Operating Director, Glaxo Holdings

Ross Sayers
Managing Director and Chief Executive Officer, China Light and Power Company

Gordon Wu
Managing Director, Hopewell Holdings

Alain Soulas
Chief Executive, Arjo Wiggins Appleton

Emilio Botín Ríos
Chairman of the Board, Banco Santander

Dr H Onno Ruding
Vice Chairman, Citicorp & Citibank

Lord Alexander of Weedon QC
Chairman, National Westminster Bank

George Mallinckrodt
Group Chairman, Schroders

Richard Boyle
Vice Chairman, The Chase Manhattan Bank

Per Westerberg
Minister of Industry and Commerce, Sweden

Trevor Manuel MP
Minister of Trade and Industry, South Africa

Sir Alastair Morton
Co-Chairman, Eurotunnel

Manuel Marín
Vice President, European Commission

Viscount Etienne Davignon
Chairman, Société de Belgique

The Rt Hon Sir Leon Brittan QC
Member, European Commission

Anwarul Hoda
Deputy Director General, GATT

The Rt Hon Virginia Bottomley JP MP
Secretary of State for Health, UK

What the delegates said......

Feedback from delegates aids the continual improvement of FTC's activities. A selection of comments received from attendees at recent conferences reflects the high standards FTC sets for itself.

"I'd recommend this conference to my colleagues because of the quality of speakers and the range and depth of the topics."

"Excellent diversity of subject matter"

"Very valuable for contacts and developmental overview"

"It's a very useful barometer of industry issues"

"Good mix of strategic and marketing issues with good speakers"

"Quality and relevance of speakers were good"

"I am writing to thank you for the conference organisation last week. The speakers were excellent, the content fascinating and the hotel facilities and food were, in my opinion, outstanding"

"Capable, friendly and glamorous administration from London make the competition pale in comparison"

"Very professional administration"

"A good job well done"

PAST SPEAKERS PAPERS

The following is a list of the available speakers' papers from last year's conference programme, together with some of the key speakers and topics. They are available fully bound, and cost £230. To order, please use the relevant section of the application form on page 15. (Titles as at time of conference).

International Packaging and the Environment
October 1993, London *Speakers include:*
German Packaging Legislation
Mr Clemens Stroetmann
State Secretary, Minister for the Environment, Nature Conservation & Nuclear Safety, Germany

EC Policies for Packaging and Packaging Waste
Mr Yannis Paleokrassas
Member of the Commission (responsible for Environment, Nuclear Safety & Civil Protection) Commission of the European Communities

After the Recession - World Commercial Aviation at the Crossroads
November 1993, Dubai *Speakers include:*
Towrds the Era of Mega-Carriers and Multilateralism
HH Sheikh bin Saeed Al Maktoum
President, Department of Civil Aviation, Dubai, Chairman Emirates

Prospects for Air Transport in the Asia-Pacific Region
Tan Sri Zain Azraai
Chairman, Malaysia Airlines

World Electricity
November 1993, London *Speakers include:*
Germany's Future Energy Policy
Dr Rolf Bierhoff
Member of the Board of Directors, RWE Energie SpA

Italy's Proposed Privatisation Programme and ENEL
Mr Gianfranco Castelli
Central Director, ENEL SpA

Electricity Developments in the CIS
Dr Vladimir Djanguirov
Chairman of the Executive Committee, Electric Power Council of the CIS

The Fifth FT Petrochemicals Conference - Global Prospects Beyond the Recession
November 1993, London *Speakers include:*
Corporate Governance and the Global Chemical Industry
Mr Robert D Kennedy
Chairman & Chief Executive Officer, Union Carbide Corporation

An Industry Appraisal Update: Is Pricing the Problem?
Mr Edward A Wilson
Vice President, Strategic Planning, Dow Europe SA

The Economics of Rail Privatisation - Opportunities for the Private Sector
November 1993, London *Speakers include:*
The Rt Hon Roger Freeman MP
Minister for Public Transport

A Would-be Franchisee's View of the Market
Mr James B Sherwood
President and Chief Executive Officer Sea Containers Limited

Doing Business with Spain - The Economic Challenge of a New Government
December 1993, Madrid *Speakers include:*
Apertura: El Reto Economico
D. Pedro Solbes Mira
Ministro de Economia y Hacienda

El Papel de Futuro del Banco de España
D. Luis Angel Rojo
Gobernador, Banco de España

Pensions - A Time for Change
December 1993, London *Speakers include:*
Government Pensions Policy for the 1990s
Mr William Hague MP
Under Secretary of State, Department of Social Security, UK

Dealing with Transfers
Mr Tom Ross
Alexander Clay & Partners, Vice Chairman, NAPF

World Telecommunications
December 1993, London *Speakers include:*
European Community Telecommunications Policy
Mr Michel Carpentier
Director General, DG XIII (Telecommunications, Information Market and Exploitation of Research) Commission of the European Communities

Managing A Hybrid
Mr Iain D T Vallance
Chairman, BT

US Telecommunications Policy
Mr James H Quello
Federal Communications Commission

The Outlook for Natural Gas in the 1990s and Beyond
December 1993, Vienna *Speakers include:*
Norway's Gas Policy and the Single European Market
Mr Peter Mellbye
President, Natural Gas Statoil

Building a Global Gas Business
Mr Cedric H Brown
Chief Executive, British Gas

Resource Management in the Public Sector
February 1994, London *Speakers include:*
Public Service and the Future
The Rt Hon William Waldegrave MP
Minister for Public Service and Science, UK

The UK's Government Market-Testing Programme
Sir Peter Levene KBE
Prime Minister's Adviser on Efficiency & Effectiveness

Cable and Satellite Broadcasting
February 1994, London *Speakers include:*
Digital Compression
Dr John R Forrest
Chief Executive, National Transcommunications Limited

The BBC in the International Market Place
Mr Robert Phillis
Deputy Director-General, BBC

Commercial Aviation in the Asia-Pacific Region - Expansion, Opportunities and Constraints
February 1994, Singapore *Speakers include:*
The Globalisation of Commercial Aircraft Manufacturing – Expanding International Partnerships
Mr Richard Albrecht
Executive Vice President, Boeing Commercial Airplane Group

Mr John D Wolf
Executive Vice President, Douglas Aircraft Company

Mr Francis P Avanzi
President & Chief Executive Officer, CFM International

London Motor Conference
February 1994, London *Speakers include:*
Building Manufacturer - Supplier Relationships
Mr Yukihisa Hirano
Managing Director, Toyota Motor Manufacturing (UK) Ltd

The Pursuit of Extraordinary Customer Satisfaction
Mr John Russell
Managing Director, Rover International, Rover Group Ltd

Asia-Pacific Telecommunications - A Magnet for Foreign Investment
March 1994, Hong Kong *Speakers include:*
Regulating Competition in the Asia-Pacific Region
Mr Robin C Davey
Chairman, AUSTEL

The Growth of Mobile Communications in the Region
Mr Henry R Goldstein
President & Chief Executive Officer, Pacific Link Communications Limited

The European Water Industry
March 1994, London *Speakers include:*
The Costs Challenges for Europe's Water Industry of Meeting EC Regulations
Mr Roderick Paul
Group Chief Executive, Severn Trent Plc

Water Pricing in the UK – The Periodic Review
Mr Ian C R Byatt
Director General, Office of Water Services

UK Water Quality Standards and the European Regulatory Framework
The Rt Hon the Lord Crickhowell PC
Chairman, National Rivers Authority

Doing Business with Poland
March 1994, Warsaw *Speakers include:*
Mr Waldemar Pawlak
Prime Minister of the Republic of Poland

World Pharmaceuticals
March 1994, London *Speakers include:*
Operating Effectively within the Japanese NHI Price System
Mr Kunio Takeda
President and Chief Executive Officer, Takeda Chemical Industries, Ltd

Improving the Structure, Economics and Productivity of Marketing and Sales
Mr Kurt W Briner
President and Executive Director, Sanofi Pharma

Asian Electricity
April 1994, Hong Kong *Speakers include:*
Daya Bay Nuclear Power Station
Mr Ross Sayers
Managing Director and CEO, China Light & Power Company, Limited

The Changing Face of 'BOT'
Mr Gordon Y S Wu
Managing Director, Hopewell Holdings Limited

Asian Capital Markets
April 1994, London *Speakers include:*
China's Reform Process
Mr C G Wu
General Manager, Bank of China

Impact of Emerging Regional Markets on South East Asia
Mr Hugh Peyman
Managing Director, Kleinwort Benson Research Securities (Asia) Pte Limited

Opportunities and Problems of Portfolio Investments in India
Mr Mark Bullough
Managing Director, Jardine Fleming India Securities Pvt Ltd

World Pulp and Paper
May 1994, London *Speakers include:*
Post-Recession Global Strategics: Competition, Trade and the Environment
Mr Alain Soulas
Chief Executive, Arjo Wiggins Appleton plc

Industry Restructuring in Europe
Mr Robert F W van Oordt
Chairman of the Executive Board, N V Koninklijke KNP BT

World Gold
June 1994, London *Speakers include:*
The Bank of England and the International Gold Business
Mr Rupert Pennant-Rea
Deputy Governor, Bank of England

The Importance of Gold Mining in the New South Africa
Mr Marcel Golding
Member of Parliament, African National Congress

North Sea Oil & Gas
June 1994, London *Speakers include:*
Taking the Long View - Sustaining the Profitability of the UK's Upstream Oil & Gas Industry
Mr Heinz C Rothermund
Managing Director, Shell UK Exploration and Production

The Crine Report and its Implications for North Sea Field Development and Operations: A Review of Progress to Date
Mr R Jack Criswell
President, UKOOA, Managing Director, Amoco (UK) Exploration Company

Transport in Europe - Creating and Financing the Infrastructure of the Future
June 1994, London *Speakers include:*
The Roll of Government in Promoting the Integrated Transport Networks of the Future
The Rt Hon John MacGregor OBE MP
Secretary of State for Transport, UK

The Problems of Intergrating Europe's Rail Networks
Mr Kaare Vagner
Executive Vice President, Member of the Group Executive Committee, ABB Asea Brown Boveri Ltd

European Telecommunications - Responding to Change
June 1994, London *Speakers include:*
Regulation in a Competitive, Multimedia Marketplace - Does Europe Need a US Style Federal Communications Commission?
Sir Bryan Carsberg
Director General of Fair Trading

The Future of Competition in the European Telecommuncation Industry
Mr Michael Hepher
Group Managing Director, BT

The Roll of Alliances and Mergers in Responding to Market Developments
Mr Charles Rozmaryn
Chief Executive Officer, France Télécom

The Structure and Evolution of the International Equity Markets
July 1994, London *Speakers include:*
Creating the Right Regulatory Framework for 2000 and Beyond
Mr Andrew Large
Chairman, Securities and Investment Board

User Requirements and Changing Investor Perceptions
Mr Patrick Gifford
Chairman & Chief Executive, Fleming Investment Trust Management Limited

Multimedia - Vision and Reality
July 1994, London *Speakers include:*
Advertising in the Era of Personal Media
Mr Martin Sorrell
Chief Executive, WPP Group plc

Multimedia - A View of the Future
Prof. Nicholas Negroponte
Director, The Media Laboratory Massachusetts Institute of Technology

World Aerospace and Air Transport The Next Millennium
September 1994, London *Speakers include:*
Restructuring, Growth and the Impact of Government Policy
Mr Robert J Ayling
Group Managing Director, British Airways Plc

Can the Medium-Sized Airline Survive?
Mr Jan Stenberg
President & CEO, Scandinavian Airlines System (SAS)

Nuclear Industry - Into the 21st Century?
September 1994, London *Speakers include:*
The Outlook for Nuclear in North America and Western Europe
Mr James Hann CBE
Chairman, Scottish Nuclear Limited

Mr Rémy Carle
Deputy General Manager, Electricité de France, Chairman, WANO

Retailing Towards 2000 - Combining Vision and Efficiency
September 1994, London *Speakers include:*
Retailing in the Mid-1990s and Beyond
Mr Naim Attallah
Group Chief Executive, Asprey plc

Mr Teh Bon Lian
Group Managing Director & Chief Executive Officer, Emporium Holdings (Singapore) Ltd, Chairman, Singapore Retailers Association

International Banking
September 1994, Madrid *Speakers include:*
Banking in Europe – Strategies for Expansion
Mr Emilio Botín Rios
Chairman of the Board, Banco Santander

The Future for International Banking in the Mid-1990s and Beyond
Lord Alexander of Weedon QC
Chairman, National Westminster Bank plc

Are Banks Becoming More Adverse to Credit Risk?
Mr Richard J Boyle
Vice Chairman, The Chase Manhattan Bank, NA

International Infrastructure Finance - Build - Operate - Transfer (BOT)
October 1994, London *Speakers include:*
Government's Role in Major Infrastructure Projects BOT
Dr Jacques Rogozinski
President & Chief Executive Officer, Banco Nacional de Obras y Servicios Públicos, SNC (Banobras)

The Evolution and Future of BOT and Alternative Structures: Advantages and Disadvantages of BOT as a Project Finance Mechanism
Mr John P Holliban III
Managing Director, Morgan Stanley & Co. Limited

The Essentials of Effective Project Management
Sir Alastair Morton
Co-Chairman, Eurotunnel

Subject: **THE EUROPEAN WATER INDUSTRY**
Location: **LONDON**
Date: **MARCH 1995**

The European water industry is going through a period of unparalleled change. Government and Commission directives on treatment of waste, water quality standards and pricing structures have placed cost and operating pressures on Europe's water companies.

International privatisation and infrastructure redevelopment in many countries offer the potential of lucrative contracts, but the risks can be substantial.

This established annual meeting will look at how these and other important issues are likely to impact on the European water industry of the future.

Speakers list has yet to be finalised.

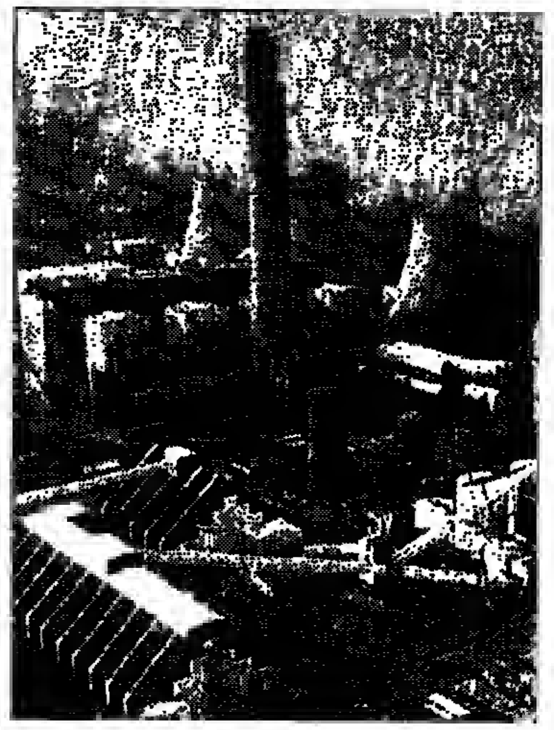
In association with FT Water Briefing.

Subject: **ASIAN ELECTRICITY***
Location: **HONG KONG**
Date: **APRIL 1995**

Bringing together leading representatives of Asia's electricity supply industry and of western companies expanding their activities in Asia. This well supported annual event will look at the challenges facing companies seeking business oppurtunities in the world's fastest growing economic region.

Speakers list has yet to be finalised.

In association with FT Power in Asia.



Subject: **NORTH SEA OIL & GAS**
Location: **LONDON**
Date: **JULY 1995**

With more than a hundred North Sea oil and gas fields already in production, and many more under development, this conference will examine many of the factors which are pointing the way to the future. These include profitability and investment prospects against a background of low crude oil prices; the suitability of current tax regimes for small as well as large companies; the increasing importance of North Sea gas to the European energy economy and, already to the forefront of North Sea thinking, the question of abandonment or destruction of obsolete offshore facilities.

These and other issues related to the huge North Sea industry will be discussed at this renowned annual conference by leading executives from the North Sea operating companies, governments and the financial community.

Speakers list has yet to be finalised.

In association with the FT North Sea Letter and Europen Offshore News

WORLDWIDE BUSINESS

Subject: **INDIA'S ECONOMIC RENAISSANCE**
Location: **NEW DELHI**
Date: **SPRING 1995**

Three years after starting on the road towards economic liberalisation, India is beginning to see the fruits of its efforts to integrate its economy with the rest of the world. Foreign trade is growing, as is the inward flow of foreign investment. Indian companies are busy restructuring their operations to meet the challenge of international competition, while foreign companies are planning and making moves to establish or expand their businesses in India. Yet much more needs to be done before the economic modernisation of India is complete. Key state-controlled industries, including electricity, telecommunications, and transport, suffer from chronic under-investment and over-manning. Businessmen complain that the bureaucracy still exerts a stifling influence over commerce. India lags behind many other developing countries in providing its people with education and health services.

The government of Mr P V Narasimha Rao, the Prime Minister, is aware of the challenges it faces. Three years is a short time in the life of a nation of 900 million with an ancient history. It will take much longer to finish the work which Mr Narasimha Rao's administration has begun, but the foundations have been laid for a more modern, more prosperous and more outward-looking India.

Speakers list has yet to be finalised.

In association with Business Standard and FT India Business Intelligence.
Supported by Phoenix International Ltd, Delhi.
Offical Carrier Thai Air

PHOENIX

SPECIAL ANNOUNCEMENT – This conference was originally planned for the 26 and 27 October 1994, however due to the current exaggerated international publicity concerning health problems in India and in the interest of generating the maximum amount of debate between senior international and Indian businessmen it has been decided to postpone the event until Spring 1995.

Subject: **THE RECONSTRUCTION OF THE LEBANON – OPPORTUNITIES FOR THE PRIVATE SECTOR**
Location: **BEIRUT**
Date: **JUNE 1995**

Following, the devastation caused by sixteen years of civil war, estimated at US$25bn by the UNDP, a considerable effort is now well under way to rebuild, repair, and expand Lebanon's infrastructure and capital stock.

The reconstruction strategy is based on the premise that most of the reconstruction and recovery will be undertaken by the private sector, leaving the government to concentrate on the rehabilitation of basic infrastructure. As such, the government has undertaken to create an environment conducive to private sector investment, consisting of financial, tax and legal incentives.

Dr. Youssef Choucair, Senior Advisor to the Prime Minister of the Republic of Lebanon on Economic Affairs and Reconstruction stated at a Financial Times conference last week that "The overall reconstruction requirements are included in a ten year programme to repair, rebuild, and expand infrastructure, entitled Horizon 2000. The programme is estimated to cost between US$10bn and US$12bn at constant 1992 prices, an investment figure equivalent to around 11 per cent of projected cumulative GDP over the period. The private sector is expected to invest an additional US$20bn over the same period of time. If these assumptions are realized, GNP will double by 2002".

This conference timed to coincide with the 'Beirut Towards 2000' exhibition will assess the opportunities for the private sector and allow discussion with government speakers of the highest level.

In association with 'Beirut Towards 2000' exhibition.
For further information please indicate your interest on the enquiry form on page 15.

Subject: **DOING BUSINESS WITH SPAIN – SPAIN COMPETING IN EUROPE**
Location: **MADRID**
Date: **NOVEMBER 23 & 24 1994**

This year's Financial Times conference on Spain comes at a time when the country faces complex political and economic challenges. At the centre of the national debate is Spain's ability to achieve a sustainable growth that will allow it to deliver a credible convergence programme with the richer economies of the European Union. In the second half of the next year Spain will hold the presidency of the E.U.

Prime Minister Felipe González is attempting to regain the initiative after the worst 12 months of his 12 years in office. A steep recession, the most severe in Spain's living memory, and a succession of corruption scandals, contributed to strong gains by the centre-right opposition in June's European elections and in the concurrent vote to re-elect the regional parliament in Andalucia, the former bastion of support for the ruling socialist party.

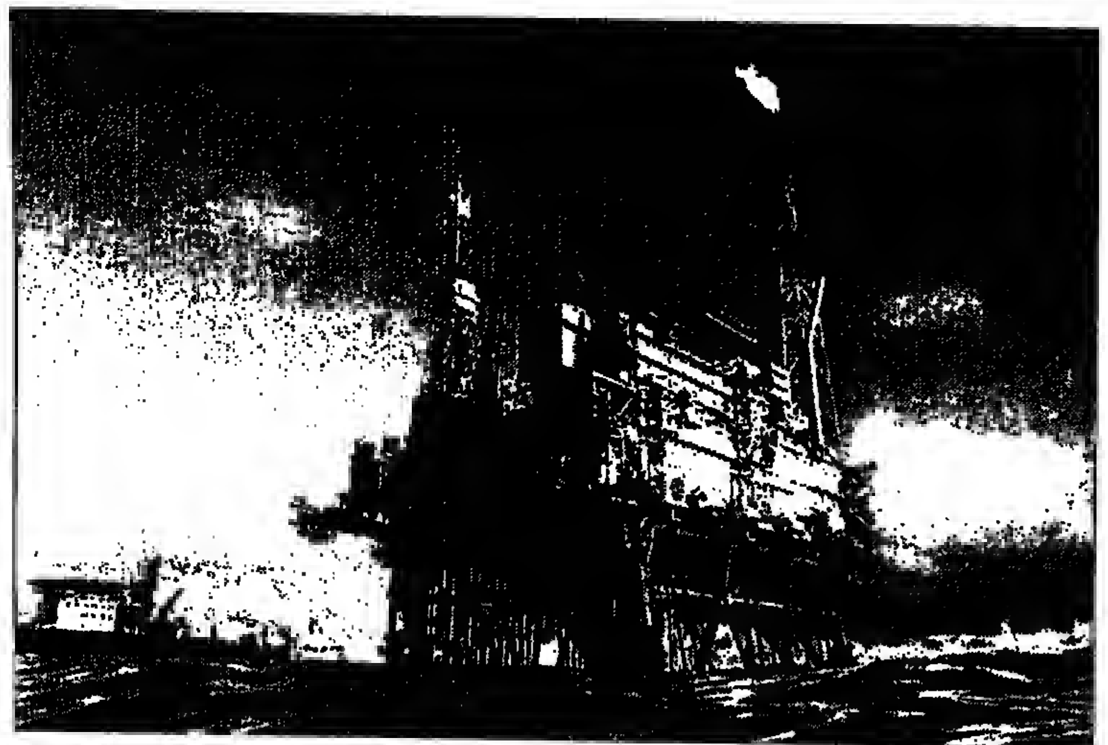
The issue of political leadership is vital as the economy recovers and is set to grow next year. Will the government use the forecast economic expansion to correct the structural inbalances which lie at the root of Spain's high public deficit and its very high unemployment level? Can the Spanish economy, which performed so robustly during the growth cycle of the 1980's, avert a 'stop-go rut'?

Speakers:
D. Pedro Solbes Mira, Minister of Economy & Finance, Spain
D. Luis Atienza Serno, Minister of Agriculture, Fisheries & Food, Spain
D. José Antonio Griñán Martínez, Minister of Labour & Social Security, Spain
Lord Nicholas Gordon Lennox KCMG, KCVO, Former British Ambassador to Spain
D. Antonio Garrigues Walker, Managing Partner, J & A Garrigues
D. José Miguel Zaldo, Chairman & President, Grupo Tavex
D. Carlos Espinosa de los Monteros, Chairman & Chief Executive Officer, Mercedes Benz España, SA
D. Oscar Fanjul Martín, Chairman, Repsol SA
D. Gonzalo Hinojosa, Managing Director, Cortefiel SA.
D. Alberto Recarte García-Andrade, Vice President, Centunion
Professor Pedro Nueno Iniesta
Mr. Bernard Dumon, Chairman, Saint-Louis Group SA
D. José María García-Hoz, Publisher, Expansión & Actualidad Económica
D. José María Aznar, President, Partido Popular
D. Miguel Martín Fernández, Deputy Governor, Banco de España
D. Teofilo del Pozo, Country Manager, BT Telecomunicaciones, SA

In association with Expansion and Actualidad Economica. Official Carrier – Iberia Airways

Subject: **SOUTH AFRICA – THE FIRST AFRICAN LION?***
Location: **CAPE TOWN**
Date: **SPRING 1995**

In a recent interview with the Financial Times, President Nelson Mandela responded to the question 'Why invest in South Africa?' "South Africa is potentially a rich country... with developed infrastructure, modern ports, a sophisticated banking system, a telecommunications system. It can be a powerhouse for the southern African region."



ENERGY & UTILITIES

Subject: **WORLD ELECTRICITY***
Location: **LONDON**
Date: **NOVEMBER 7 & 8 1994**

An annual overview of the electricity industry which regularly attracts senior businessmen from around the world.

Against a backdrop of rapid change and considerable opportunity this years' conference will examine the continuing global trends of deregulation and liberalisation and the competitive environment that this creates, with reference to specific country case studies.

In addition we will also cover developments in Eastern and Central Europe, cross-border purchasing, the development of new fuels and new technologies in power generation, as well as other important topics.

Speakers:
Mr Richard E D Coldwell, Head of Government & Overseas Relations, The National Grid Company plc
Commissioner Norman D Shumway, California Public Utilities Commission
Dr Daniel Declercq, Energy Director Continental Europe, Air Product Management SA, Deputy President, International Federation of Industrial Energy Consumers
Professor Leigh Hoecher, Department of Law, Erasmus University, Rotterdam
Mr Marc R Ledbetter, Capability Programme Manager, Battelle Pacific Northwest Laboratory
Mr Ion Brown, Senior Adviser, The EC Energy Centre, Hungary
Mr Antony Froggatt, International Nuclear Campaigner, Greenpeace International
Professor John H Chesshire, Head of the Energy Programme, Science Policy Research Unit, University of Sussex
Mr Walt Patterson, Senior Research Fellow, Energy and Environmental Programme, The Royal Institute of International Affairs
Mr Michael Brown, Secretary, Cogen Europe
Mr Stefan Jonsson, Chairman, Nykomb Synergetics AB
Mr Marcus Nurdin, Managing Director, World Fuel Cell Council
Dr Gregory J Yurek, President and Chief Executive Officer, American Superconductor Corporation
Mr Han Lundgren, Adviser, Vattenfall AB
Mrs Harvetta Asamoah, Attorney Advisor, Office of General Counsel, International & Legal Policy, Department of Energy, USA

In association with FT Power in Europe.

Subject: **NINTH EUROPEAN PETROLEUM & GAS CONFERENCE***
Location: **AMSTERDAM**
Date: **NOVEMBER 15 & 16 1994**

Over the last twenty years the European refining industry has experienced much change, not least because of the collapse of the heavy fuel oil market. Oil product demand in Europe, as elsewhere in the world, is dominated by the ever-present and increasing call for automotive, railway, aviation and marine transport fuels. Inevitably, this pattern of demand has influenced the design and operation of European refineries.

There have been other changes. Great advances have been made in refinery technology, especially in the computerisation of refinery systems and processes. Also, national and international environmental regulations have imposed stringent limitations on the disposal of gaseous, solid and liquid wastes from petroleum processing plants. These new environmental policies add to plant operation and investment costs, and carry heavy penalties if not enacted. The papers given at this conference on environmental issues and the European refining industry are presented in association with the European Petroleum Industry Association, EUROPIA.

Possibly, the most important change of all in the last two decades, has been the incorporation of Eastern Europe into the overall European refining and product market.

A panel of international experts will analyse and discuss these issues from a forward-looking 1994 standpoint, bearing in mind that investment and operational decisions taken now will determine the shape of the European oil refining industry into the next century.

Timed to coincide with The Petrotech 94 Exhibition

Speakers:
Mr Frans van Dongen, Managing Director, International Cooperative Petroleum Association (ICPA)
Mr Tomihiro Taniguchi, Director of the Office of Oil Markets and Emergency Preparedness, International Energy Agency
Mr Phil Trimmer, Manager – Strategy and Forecasting, BP Oil International
Mr Lars Nelson, Managing Director, Scanraff AB
Mr James J Degnan, Chief Executive Officer, Kellogg Limited
Mr Mohammed Saleh Shaikh Ali, Chief Executive, The Bahrain National Oil Company
Mr Gilbert M A Portal, Secretary General, European Petroleum Industry Association (EUROPIA)
Mr Prudencio Perera, Head of Unit, Urban Environment (DGIIB3), European Commission
Mr Jef Decoluwe, Secretary General, CONCAWE
Mr Jean-Pierre Reynier, The Secretary General, European Automobile Manufacturers Association
Mr John Salter, Chairman, Environmental Law Group, Denton Hall

Mr Chris Baxter, Vice President, The Chase Manhattan Bank, NA
Mrs Larisa V Vaselko, Director of Marketing Research (Oil Products and Petrochemicals), RBM-Eurokosmos Co Ltd, Principal Consultant, The Central Institute of Information and Economic Studies

Subject: **PETROCHEMICAL INDUSTRY**
Location: **LONDON**
Date: **NOVEMBER 21 & 22 1994**

Just how far has the centre of gravity shifted? Asia's outward looking trade and industrial policies have already transformed the region's industrial structure and underpinned sustained growth. What part has the traditional petrochemical powerhouses of Europe, the USA and Japan to play in this new world order?

In this sixth prestigious Financial Times petrochemical conference a truly international forum of top flight speakers tackle the fundamentals and the future of this key industrial sector. This year the industry's founding fathers – from Europe, the USA and Japan – will appraise their domestic markets. While voices of the future present further insight into the dynamics of markets that promise to outpace growth in the rest of the world.

Combine this chance to hear some of the industry's most influential leaders with an opportunity to discuss business with potential partners and customers...

Speakers:
Mr Bob Wilson, President, Exxon Chemical International Inc
Mr Juha Rontanen, Chief Executive Officer, Borealis Holding A/S
Mr Herbert Detharding, President, Wintershall AG
Dr David S Glass, Director, Chem Systems Limited
Mr Ion Bird, Vice President, Government Affairs, Waste Management International Services Limited
Mr Mohammad Al-Kothiri, General Manager, SABIC Europe Ltd (SEL)
Mr Brian K Sanderson, Chief Executive Officer, BP Chemicals
Mr James E Fligg, Executive Vice President, Chemicals Sector, Amoco Corporation
Mr Hiromasa Yoockuro, Director, Sumitomo Chemical Company Limited
Mr Nyun Tae Kim, Director of Chemical Business Planning, Yukong Limited
Mr Ahmad Rahgozar, Managing Director, National Petrochemical Company, Iran

In association with Chemical Matters.

Subject: **WORLD GAS***
Location: **LONDON**
Date: **FEBRUARY 1995**

Gas is widely viewed as the fuel of this decade with production and use growing strongly worldwide. With the advantages of being seen as an environmentally friendly fuel and reserves that are set to out-strip oil, will the gas business fulfil its widely held promise or are the expectations being set too high?

This annual high level forum will review the possibilities.

Speakers list has yet to be finalised.

In association with FT International Gas Report.

forthcoming

FT

FINANCIAL TIMES
Conferences

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TRANSPORT

Subject: **LONDON MOTOR**
Location: **LONDON**
Date: **FEBRUARY 20 1995**

A highly respected and well supported annual one day conference covering key issues and trends in the UK Motor Industry.

Concentrating mainly on the down-stream side of the sector this conference regularly attracts the heads of the leading British automotive companies.

Speakers list has yet to be finalised.

Subject: **WORLD MOTOR***
Location: **FRANKFURT**
Date: **SEPTEMBER 12 & 13 1995**

Timed to coincide with the biennial Frankfurt Motor Show and widely regarded as Europe's highest profile industry conference. This event gathers together the leaders of the international automotive industry to discuss important global and regional developments and to look ahead to potential future trends and strategies.

Speakers list has yet to be finalised.

Subject: **EUROPEAN TRANSPORT**
Location: **LONDON**
Date: **MAY 1995**

The development of the single market and the coming into force of the Maastricht Treaty have pushed transport infrastructures near the top of the European Union's political agenda. Neither the full economic benefits of the single market nor a swifter development in the economies of central and eastern Europe can be achieved unless people and goods are able to move around all of the European territory efficiently and easily.

This annual conference will debate current developments, opportunities and concerns in the European transport sector.

Speakers list has yet to be finalised.

Subject: **WORLD AEROSPACE AND AIR TRANSPORT***
Location: **PARIS**
Date: **JUNE 1995**

Financial Times aerospace conferences have developed an enviable reputation for quality over the last two decades, regularly attracting chief executives and presidents of the world's leading aviation and aerospace companies.

This annual event, timed every second year to immediately precede the Paris Air Show, will debate the current major issues in the industry, from regulation and de-regulation, to restructuring and financing.

Speakers list has yet to be finalised.

PHARMACEUTICALS

Subject: **BIOTECHNOLOGY - A REVOLUTION IN THE MAKING?**
Location: **LONDON**
Date: **DECEMBER 13 & 14 1994**

Biotechnology is still in its infancy as an industry but has the long term potential of opening up vast new scientific and medical horizons. However uncertainties remain, is the potential exaggerated? How can the public perception of biotechnology be improved? Will the legislative environment help or hinder growth? And more fundamentally who is going to fund the research and development?

This high-level forum will address these and other key issues.

Speakers:
Dr Trevor M Jones, Director-General, The Association of the British Pharmaceutical Industry
Professor Dr Horst Dieter Schlumberger, Biotechnology Co-ordinator, Bayer AG
Mr Carl B Feldbaum, President, Biotechnology Industry Organization
Mr Keith McCullagh, Chief Executive, British Biotechnology
Dr Paul Haycock, President and Chief Executive Officer, Cantab Pharmaceuticals Research Limited
Dr Chris T Evans, Chief Scientific Officer, Chiroscience Limited
Professor Dr Jürgen Drews, President, International Research and Development, Hoffmann-La Roche Inc
Mr Teoh Yung Sen, Director/General Manager, Singapore Bio-innovations Pte Ltd
Dr Peter J Fellner, Chief Executive Officer, Celltech Limited
Mr G Steven Burrill, Managing Director, Burrill & Craves
In association with FT Biotechnology Business News

Subject: **WORLD PHARMACEUTICALS***
Location: **LONDON**
Date: **MARCH 20 & 21 1995**

Europe's highest profile industry conference will bring together a truly international gathering of delegates and speakers.

The pharmaceuticals sector is currently experiencing a period of major reform and change, highlighted by a series of major international mergers. This conference offers the perfect opportunity to gain an insight into current issues and future trends by listening to and questioning industry leaders, government reformers, analysts and fellow delegates.

Speakers list has yet to be finalised.
In association with Coopers & Lybrand and FT Pharmaceutical Business News

BANKING & FINANCE

Subject: **CORPORATE RISK MANAGEMENT & THE INTERNATIONAL INSURANCE INDUSTRY**
Location: **LONDON**
Date: **NOVEMBER 3 1994**

Over the last five years more and more companies have turned to techniques such as loss control, risk financing and self-insurance to more effectively manage their insurance needs. Some companies are increasing the amount of risk they retain on their own books, while others are forming 'captive' insurance subsidiaries dedicated to insuring their own risks and allowing direct access to the reinsurance market.

The number of captives owned by the UK's top 250 companies have more than doubled in the last five years. The recent hardening in the insurance market – with rates for many risks increasing following the industry wide losses between 1990 and 1992 – and a spate of both man made and natural disasters has accelerated the trend.

Increasingly there are signs that Europe is following the North American pattern where more than a third of insurance premiums have been diverted from the conventional insurance market towards a so-called alternative market populated by captive insurance subsidiaries and other self-insurance facilities.

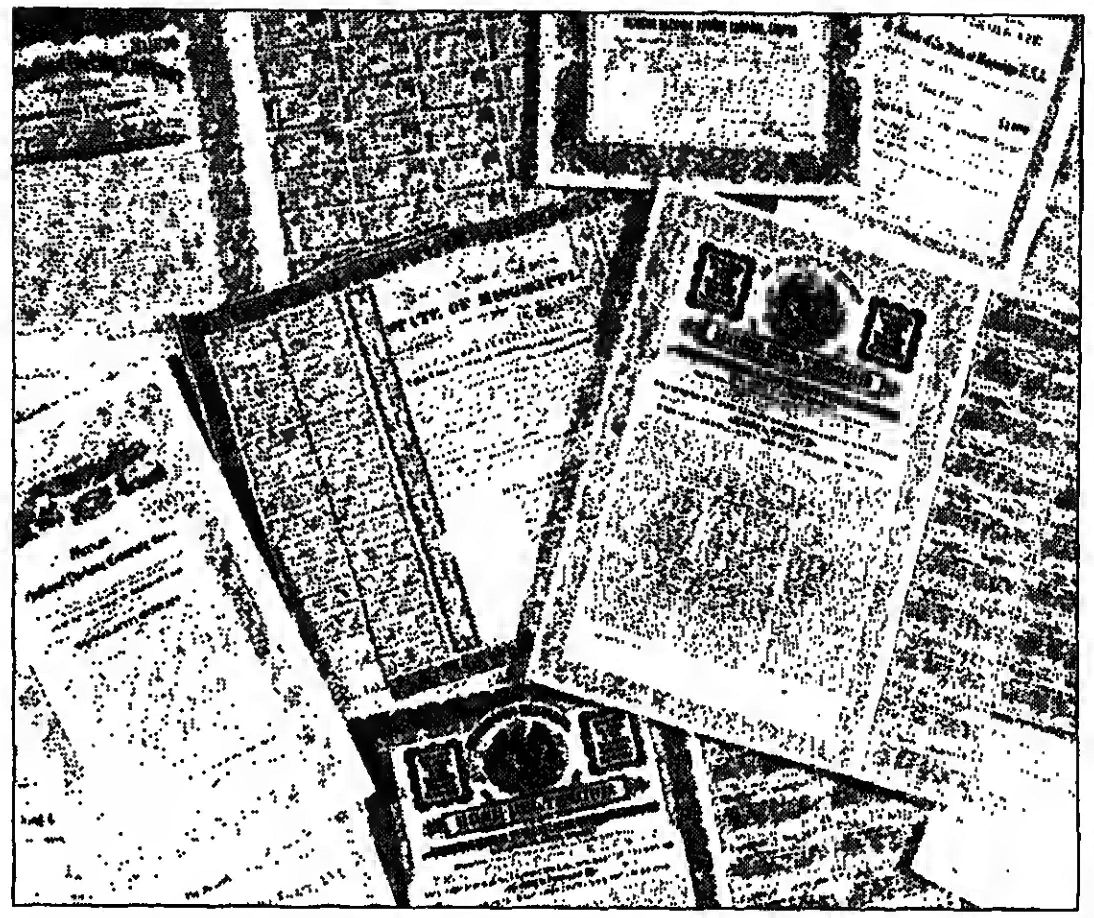
The conference will examine how the problems of shrinking insurance cover are changing traditional relationships between corporate risk managers, brokers and commercial insurers, and will explore how players in the international insurance industry are responding to the new challenge.

Speakers:
Mr Patrick Newberry, Partner, Coopers & Lybrand
Mr H Felix Kloman, Editor, Risk Management Reports, Former Principal, Towers Perrin
Professor Brian Toft, Risk Analyst, Sedgwick (UK) Limited
Mr Rodney Meere, Chairman, Willis Corroon Hinton
Mr Clive Pracy, Head of Risk Management, London Transport, Council Member, AIRMIC
Dr Herbert M Harrell, Chairman, Harrell Associates Incorporated, Founder, M200 Forum
Mr Wolf-Dieter Baumgartl, Chairman of the Board, HDI VaG
Mr John Ryan, International Practice Leader, Tillinghast
Mr Walter Kielhalz, Member of the Board, Swiss Reinsurance Company
Mr S N Steffey, President, Liberty International
In association with AIRMIC and FT World Insurance Report

Subject: **FINANCIAL REPORTING IN THE UK**
Location: **LONDON**
Date: **NOVEMBER 28 1994**

1994 has been described as the 'crunch year' for financial reporting in the UK. With new standards on mergers and acquisition accounting only just released, and the handling of goodwill in company accounts the next issue to be tackled on the ASB agenda, there is no doubt that the ASB is about to enter what is probably the most contentious period since its inception. (Will 1995 be the year the accountancy profession 'hits back'?)

The recent hiatus concerning the losses on derivative trading meanwhile has placed the issue of companies' use of these instruments at the centre of regulators' attention. The International Accounting Standards Committee is currently drafting guidelines for companies accounting of derivatives to meet the growing demand for disclosure.



The Financial Times fourth annual Financial Reporting conference will provide critical guidance for both preparers and users of accounts to navigate this maze of current and prospective accounting issues.

Speakers:
Mr Chris Swinson, Partner, Stoy Hayward
Mr John H Kellas, Partner, KPMG Peat Marwick
Ms Mary Keegan, Director of Professional Standards, Price Waterhouse Audit Practice in Europe
Mr Peter A Holgate, Accounting Technical Partner, Coopers & Lybrand
Mr Michael Birkin, Group Chief Executive Officer, Interbrand Group Plc
Mr David H Cairns, General Secretary, International Accounting Standards Committee
Mr Michael Renshall, Deputy Chairman, Financial Reporting Review Panel
Guest Lunch Speaker:
Sir Sydney Lipworth QC, Chairman, Financial Reporting Council
Mr Ken Wild, National Accounting Technical Partner, Touche Ross & Co

Subject: **VENTURE FORUM EUROPE '94**
Location: **LONDON**
Date: **DECEMBER 1 & 2 1994**

Venture Economics and Financial Times Conferences invite you to attend Venture Forum Europe '94, our fifth annual venture capital conference in Europe. At the beginning of a new cycle of growth for European venture capital the Venture Forum, with its distinctive interactive conference formula, will enable delegates to keep abreast of the key issues that face the industry and discover the new investment strategies that will take us through to the end of the century.

Composed of recognised experts from Europe and North America, the Forum sessions will provide both an analysis of recent trends in European venture capital and a look forward to expected developments during the rest of the 1990's. Panellists will explain the vital lessons that have been learned during the last ten years and explain how venture capital has adapted to a changed environment.

The panel format enables all Forum participants to share their experiences and opinions and exchange views on fund-raising, performance, negotiating deals, syndicating and realising their investments. Delegates who have attended previous Forums will agree that this is one conference that they cannot afford to miss.

Speakers:
Dr Luciano Balbo, Chairman, B&S Ventures Srl
Mr Colin Blessley, Partner in charge of Corporate Finance, Coopers & Lybrand, Spain
Mr Christopher M Bown, Partner, Baker & McKenzie (London)
Mr Peter A Brooke, Chairman & Chief Executive Officer, Advent International Corporation
Mr Roger Brooke, Chairman, Candover Investments plc
Mr Douglas R Brown, Chairman & Chief Executive Officer, Advent International plc
Mr Thomas F Cadigan, Assistant Treasurer & Managing Director, IBM Retirement Funds
Mr Roderick Crawford, Director & Head of Investment Trust Research, BZW Securities Limited
Mr Alec D'Janoeff, Partner, Coopers & Lybrand, Director of European Corporate Finance
Mr Michiel A de Haan, General Partner, Atlas Venture
Dr Walter R Henle, Partner, Baker & McKenzie (Frankfurt)
Mr Brian Larcombe, Executive Director, Finance & Planning, 3i Group plc, Chairman, British Venture Capital Association
Mr Jonny Maxwell, Senior Investment Analyst, Standard Life Assurance Company
Mr Denis Mortier, Chief Executive Officer, Financière Saint Dominique
Mr Jon Moulton, Director, Apax Partners & Co Ltd
Dr Daniel F Muzyka, IAF Professor of Entrepreneurship, INSEAD
Dr Jos Peeters, Managing Director, Capricorn Venture Partners nv
Mr Elserino Piol, Vice Chairman, Olivetti SpA
Dr Fabio Sattin, Managing Director, Chase Gemina Italia, Chairman, European Venture Capital Association
Mr John B Singer, Director, Advent International plc
Mr Michael Skok, Chairman & Chief Executive European Software Publishing Limited
Mr Leendert J van Driel, Managing Director, Gilde Investment Funds
Miss Theresa Wallis, Team Leader, Smaller Companies Group, London Stock Exchange
Mr Michael Walton, Managing Director, Gartmore Venture Capital Limited
Mr Brian Winterflood, Managing Director, Winterflood Securities Limited
In association with Venture Economics.
Co-sponsored by Advent International,
Baker & McKenzie and Coopers & Lybrand

Subject: **FT CITY COURSE**
Location: **LONDON**
Date: **APRIL – MAY 1995**

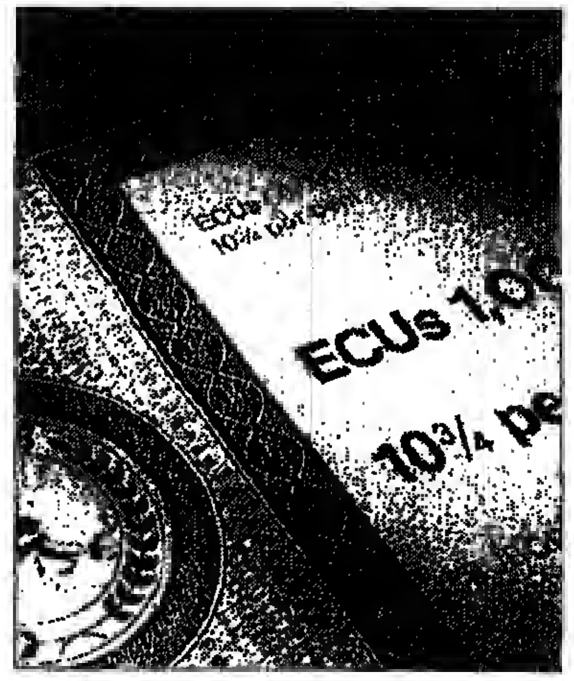
To date 6,000 delegates from over 1,000 organisations have attended this course.

The FT-City Course is arranged twice a year by the Financial Times and City University Business School as a training course for those wanting an overview of the banking and financial markets operating in the City of London.

Twenty-five practitioners from the City explain the role of the Bank of England, Stock Exchange, clearing, merchant and investment banks, insurance market, discount houses and building societies. The equity and debt markets, risk management, regulation and the economic outlook for the City will also be examined.

Clearly the Course provides those working in the City, or servicing the financial sector, with the necessary information they need to do their jobs well and continues to be held in high regard.

In association with City University Business School



Subject: **WORLD GOLD**
Location: **LUGANO**
Date: **JUNE 19 & 20 1995**

The annual Financial Times Gold conference has tracked the changes in the world gold industry for more than 20 years and has built a deserved reputation as being the most authoritative of those held around the world.

As the largest industry gathering of its kind it attracts a top international audience of bankers, miners, analysts, traders, investors and consultants who come to network and debate current industry developments.

Speakers list has yet to be finalised.
In association with FT The Banker.